

Interview with Anthony Geber

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

ANTHONY GEBER

Interviewed by: Thomas J. Dunnigan

Initial interview date: August 24, 1993

Copyright 1998 ADST

Q: This is Thomas Dunnigan. I will be talking today with Anthony Geber, a retired senior Foreign Service Officer. The date is August 24, 1993. Anthony Geber, or Tony, as he is known to his many friends had a long and interesting career in the Foreign Service and I will ask him to describe first of all his background and how he happened to become a Foreign Service Officer.

GEBER: Let me say that I really became an FSO only in 1960 or 1961, but much that went before that had some relevance to foreign affairs and foreign policy. I was born and raised in Budapest, Hungary. My father was a senior civil servant in the Hungarian government. On my mother's side, my grandfather was a very successful businessman in the transportation field contributing to the flowering of the Hungarian economy before World War I. I finished my high school, the Gymnasium of the Piarist Fathers (a Catholic teaching order of high reputation in several European countries but especially in Hungary). It was a humanistic school where for eight years the emphasis was on Latin, history, languages and Hungarian literature, but also on math, and science.

I had the dream of becoming a foreign service officer in Hungary. So after finishing high school, I inscribed at the political science and law faculty of the University of Budapest and

Library of Congress

as it was possible in those days, I was simultaneously attending the Consular Academy in Vienna which was the successor of the old Austro-Hungarian foreign service school. There the emphasis was on such courses as diplomatic history, international law, economics, languages. I had some very distinguished colleagues while I was there, Kurt Waldheim and Jean Sauvagnargues, later French Foreign Minister.

I finished in July 1938. In March of that year I experienced the Anschluss in Vienna, Nazi Germany's takeover of Austria. I have one of those diplomas which are historically interesting because the document stamps on the inside carry still the Austrian double eagle while the outside cover has the swastika printed on it.

The question was what next. The international situation in Central Europe looked grim and my parents welcomed the opportunity which was offered to me to come to the United States as a student with some help of the business connections of my family. They strongly urged me to go. I expected to return to Hungary after a year or two. I went to Chicago where I was first studying in the business school at the University of Chicago but being more theoretically inclined, I switched over and became a graduate student in the school of economics. At the same time I was a part time employee of a company called General American Transportation Corporation.

By 1941 Hungary declared war on the United States and connections with my parents became more and more difficult. I had to give up my studies and work full time at the company to earn some money. In 1943 I received a greeting card signed FDR and I was asked to join the Army.

Q: Even though you were not a citizen at that time?

GEBER: Yes, that is right. I was a Hungarian citizen, but this notion of recruiting foreigners, if they were residents of the United States existed then and many years after that. When I was posted to the Embassy in Vienna, one of our problems was that the

Library of Congress

neutral Austrian government didn't like it at all that we were recruiting Austrian citizens residing in the United States to go to Vietnam.

I wasn't too happy to become a GI, but it turned out in retrospect that that was about the best thing that happened to me. It taught me a great deal of discipline and I became much more Americanized than I think I would have otherwise.

After my basic training I was sent to the Hungarian language at area studies at Stanford University which I didn't think was particularly needed in my case. Next I was sent to the Army's the intelligence training center at Camp Ritchie in the Catoctin mountains. In 1944 I was shipped over to Europe and ended up in a counterintelligence corps detachment attached to the 94th division of the American Army which was to surround the German pockets around Lorient and St. Nazaire in Brittany. We would have stayed there until the end of the war except that the Battle of the Bulge called for reinforcements. The division that was to be thrown into that battle was torpedoed in the Channel; they replaced us in Brittany and our division was sent into the battle of the Bulge. We got there toward the end of the battle but it was still a rather grim situation in the winter of 1944-45.

I experienced the end of the war in D#sseldorf and shortly after that I was transferred to the headquarters of the US Control Group for Germany, first in Versailles and then in H#chst outside of Frankfurt. Finally the headquarters moved to Berlin and became the Office of Military Government for Germany, US (OMGUS). Before moving to Berlin I was sent for a short period to London where there was a special intelligence detachment. There I and my colleagues had the interesting task of reviewing the files of Himmler.

Q: That was Heinrich Himmler head of the German SS.

GEBER: That's right. The documents were referred to as HFFH, Himmler's files from Hallein. Hallein was a small town in Austria and the files were stored in nearby salt mines. Two things in those files remain vividly in my memory. Several papers in those files documented how criminal the top leadership of Nazi Germany was. I found those even

Library of Congress

more impressive than all the gruesome sights that we have gained from pictures of the concentration camps. Concentration camp guards one could assume were sadists, but here it was high level policy people who could put down on paper plans to exterminate the Poles, the Jews, to reduce the biological strength of the French by collecting dark haired and brown eyed French children and send them ostensibly on vacation to Finland to be drowned in the Finnish lakes. Other interesting documents dealt with conditions in Soviet union under German occupation. Of interest from today's perspective was a paper which described the joyful reception of the German army in the Ukraine as liberators from the Stalinist oppression; only the brutality and incompetence of the Nazi occupation leaders turned the population into fierce partisans in less than a year.

I should explain how I became a civil servant from being a military man. I arrived in the devastated Berlin on October 1, 1945. I was close to being discharged from the Army and being sent back to the United States. But having gotten this far, I was very anxious visit my parents who survived the Nazi occupation and the Russian conquest of Budapest. Initially at that time the Russians did not give entry permits to Hungary for American army personnel on furlough. But at the very end of 1945 they opened up for compassionate leave cases, such as visiting close relatives. For various and sundry reasons my trip to Budapest from Berlin took two months rather than two weeks. I said goodbye to my parents leaving with the belief that I would be returning to the United States. When I got back to Berlin, a army officer working in the office of Ambassador Murphy and whom I had approached earlier because I heard that he had planned to go on an official trip to Budapest, called me that he was now ready to go and am I still interested in going. I said, "Well, I just got back half an hour ago. My superiors are very anxious to ship me off to the United States, but if you can negotiate my release for this trip, I would be very pleased to go."

Library of Congress

Q: Tony if I can just mention here that Ambassador Murphy was political advisor to General Clay, the military governor for Germany. Ambassador Murphy's office was in effect rather similar to an embassy.

GEBER: This was negotiated. I was given two options either to sign up for another six months in the Army or become a civilian employee of the military government. The choice was not very difficult to make and I became a civilian employee of the military government. That is the way my actual bureaucratic career started.

Our task in the Office of the Director of Intelligence, OMGUS was to write analytical reports independent of the operational offices governing occupied Germany. I became economic analyst.

To describe what we were doing at that time, first of all we kept an eye on what was going on in the Soviet zone. We found that Soviet policy was aimed at a very systematic destruction of the economy of the zone through large scale dismantling of the industries there. The unrestrained printing of German currency by the Soviet authorities also helped the plundering of the zone; furthermore it undermined the economic functioning and stability of the Western zones of occupation. Furthermore, the Soviets intended to gain a command position in the economy of their zone through nationalizing most private enterprises and then bringing all major industries under joint Soviet and German ownership. Their central economic command system with its artificial and distorting price structure, though not specifically aimed at the weakening of the economy, made for a very inefficient economic structure.

The French were also eager to dismantle German industrial machinery and transfer them to France as reparations. Still, one must admit that the French were much more adept to meld in with the Germans than any of the other occupation powers. They did not build conspicuous PX-s, Commissaries, housing quarters, as did the Americans.

Library of Congress

In the US and British zones, which were soon joined in a joint administration, we discovered fairly early that we had a choice either to follow the Morgenthau Plan's goal of turning Germany into an agrarian economy and take on a tremendous economic burden of sustaining a German population even just above the poverty level, or change policy and make Germany viable and self-reliant.

We soon realized that the dismantling of German factories was neither in the interest of Germany nor particularly in our interest. With this realization we began moving on a collision course with the Russians regarding the objectives of our occupation policies in Germany. The creation of an economic vacuum in the center of Europe would be positively harmful for us and for our Western allies in Europe.

I can claim that I played at least a minor role in reversing our policy regarding the dismantling of German industrial capacity. Being more detached and more independent in the Office of the Director of Intelligence than the operational offices, our reports carried more influence with Washington.

But I also had another avenue to influence policy. I had a good friend in the British military government, Fritz Schumacher, who was the senior economic advisor to the British Military Governor. Fritz was a non-Jewish German refugee from Nazi Germany who went to England shortly before the war. He became quite famous later with a little book entitled "Small is Beautiful". He and I had shared views on how counterproductive our dismantling policies were. I discovered how poor the documentation was on which our dismantling policies were based. We were relying on translated documents on German industrial capacity and there were mistakes in the translations, mislabeling of technical terms, etc. I could feed this information to Schumacher who reported directly to his Military Governor.

In retrospect it was ironical that Germany gained from having its old, technologically somewhat obsolete industrial plants dismantled and replaced with much newer equipment.

Library of Congress

As I already mentioned, the Russians created much of the monetary overhang by printing German money and thereby were at least partly responsible for the inflation and the severe disruption of a functioning monetary system. How bad things were I can illustrate with two stories. In Berlin I knew a high ranking economic official who, when we established the joint economic administration in the US/UK zones in Minden, had to move there. Shortly after I met him in Minden and he told me of a problem he were faced with his family. His children needed shoes to go to school and he got rationing coupons with which he could acquire wooden soles. Ingenious as he was, he was going to make sandals — not the best in winter, but better than nothing — by detaching the leather straps from the school bags of his children. At that point he was stumped because he couldn't get any nails with which to attach the leather straps to the soles. Mind you, he was a high ranking official of the German economic administration.

Around that time in 1947 my mother visited me in Berlin from war torn and Soviet occupied Budapest and she was absolutely appalled how little merchandise was available in the shops compared to Budapest. It was a cigarette economy where a pack of American cigarettes sold on the gray market for the equivalent of a full month's pay of a skilled worker. If you worked in camera factory or a textile factory you were given a monthly bonus of a camera or a bolt of textile which you could exchange for something useful, such as food to supplement the starvation rations. But if you were a steel worker or worked on the railroads, you could not very well take home a steel ingot or a rail to trade in for something else.

Finally, the Western occupying powers, in coordination with the German authorities, decided to institute currency reform. It was a great success and the beginning of the “German economic miracle”. That it pretty much coincided with the launching of the Marshall Plan for Western European economic cooperation and the massive infusion of American aid and also helped. But the reform which gave the Germans a hard and stable currency changed practically everything like a touch with a magic wand. Some people

Library of Congress

suffered some hardships initially, but suddenly from one day to another, all the hidden goods that were stored somewhere in warehouses or basements and attics appeared in shop windows and the German economy recovered very rapidly.

Q: But in the short run it also brought the Berlin Blockade, didn't it?

GEBER: Yes, it certainly did. We tried to persuade the Soviets to join us in instituting the currency reform. But they procrastinated and when we decided to go ahead without them with currency reform in the Western zones Germany became divided and remained so for forty years. Also, the Soviets retaliated with an economic blockade of West Berlin. We responded with economic sanctions against the Soviet zone and an airlift to bring in essential food, fuel and other necessities into beleaguered Berlin. We, in the Office of Intelligence played a major part in assessing the requirements and effectiveness of the economic sanctions directed at the Soviet zone.

Q: Let me ask, Tony, this was a little more than three years after the end of our war with Germany, were you in your official capacity in mid-1948 in touch with German officials or mainly Allied officials? Were you treated with respect, friendship or in what matter by these Germans?

GEBER: Well, with both. We had exceptionally harmonious relations with the German authorities, with the legendary Mayor Reuter in Berlin and his very able staff, and also with the German authorities in West Germany. And the friendship extended well beyond official relations. We had the warmest support of the population and there gratitude for what we were trying to do for them. Nowhere else in my subsequent posting did I experience that kind of friendship and cooperation, with the possible exception in Austria in the late 1960's and early 70's, where the gratitude and good feeling toward America lingered on.

Q: Those were very difficult and serious days, weren't they?

Library of Congress

GEBER: Yes. It was not at all certain that our policies would or could succeed. The Russians had it in their power to tighten the screws of economic strangulation around Berlin, to interfere with the planes of the airlift or even to take over Berlin militarily. The airlift was a major heroic undertaking and somewhat of a gamble that it can provide the city with the minimum requirement for sustaining its population. It also meant considerable hardship for the people of Berlin to survive on the basis of the reduced supplies, and it was a question how long that hardship can be endured. In the end the West has won and the Soviets lifted the embargo on Berlin. What changed their mind was the successful perseverance of the Western Powers and the Germans, and even more so, the realization that their blockade of Berlin speeded the political and security integration of West Germany into the Western alliance.

During those early years in occupied Germany I gained several valuable insights into what makes for successful international trade. We, the American occupation power, were making strenuous efforts to promote German exports. Later in my career a good part of my duties consisted of trying to promote American exports to the countries of my assignment. In Germany at that time we were distributing Care packages to German miners as incentives to increase their production and exports of coal. The economic editor of the leading German daily remarked to me then that Germany will have succeeded as a major trading country not when it exports one or two major commodities but when its trade structure consists of millions of individual transactions of such items as ballpoint pens. Translated to my later experience, this meant that important as it was to secure the deals on such big ticket items for American companies as airplanes and nuclear power plants, that alone would not make America into a major trading country.

Let me tell you another anecdote which became part of my learning experience. A friend of mine from Chicago, who then worked for a major manufacturing company, came to visit Germany. He was exploring the possibility of importing industrial abrasives from Germany. He found a couple of potential suppliers. But he said in the end, "You know, I

Library of Congress

found suppliers in Germany whose product was excellent, perhaps better than what we have in the United States. Their prices were quite competitive. But that is not enough. Sitting in Chicago it is much easier to call up your supplier in Kalamazoo. For most Americans dealing with foreign exchange, customs, filling out forms, etc. are bothersome, not to speak of the fact that it means traveling to a foreign country where they speak a different language, eat different food, etc. It is much more convenient to order something from Kalamazoo.” Nearly fifty years later much has changed in the attitudes of American businessmen, but the point is still valid that, contrary to the claims of the theorists of international trade, quality and price are often not the only factors which move goods across international borders. The large and generally homogeneous American market has structurally favored domestic trade over foreign trade. It also provides the more export oriented foreign countries incentives to concentrate their efforts on the American market.

Lastly, still another story from those early days I spent in Germany which reinforces the lessons I just described. I was called upon to accompany a high level mission of American industrialists, mostly from US steel companies, to advise on the allies dismantling policies. At one of the major steel plants in the Ruhr the Americans were surprised to find three or four rolling mills side by side; in America a similar plant would only have one. They asked the German managers why they need those mills. The Germans explained that they were an exporting country to all parts of the globe and they needed that kind of capacity to service their clients to the specifications they wanted. The Americans were quite amazed. They said, “Well, we export too, but we tell our clients what we have and if they like it they can take it, if they don't, they don't.” Even to this day we hear complaints from potential buyers of American products why American exporters cannot provide the right plugs for their electric appliances or right hand steering wheels for cars to countries where they drive on the left.

Q: A difference of philosophy there.

Library of Congress

Q: Now, Tony, I noticed that in 1954 you were converted to an organization known as the Foreign Operations Administration, the FOA, which I believe was implementing the Marshall Plan abroad.

GEBER: Yes, but that was after I left Germany and let me just finish briefly my account of my activities in Germany during the last few years I spent there. In 1948 after the Berlin blockade started, the Office of the Director of Intelligence was moved from Berlin to the American zone, first to Nurnberg and then to Bad Nauheim, in the vicinity in Frankfurt. Then in 1950, I was transferred back to Berlin to an outfit called the Eastern Element which was set up to do peripheral reporting on the Soviet zone of Germany. I became the head of the economic section.

Q: The Eastern Element was part of the State Department office in Berlin was it not?

GEBER: Yes. Those were still tense days. Although the blockade was lifted, the Soviets and the East German government continued to harass West Berlin and the economic viability of the isolated city was at stake. Our major weapon was still economic sanctions against the so-called German Democratic Republic (GDR). But I must confess that I began to wonder whether economic sanctions really were an effective tool. In the earlier days, I was one of the really Cold War warriors against the Eastern zone. I thought sanctions were very effective, partly because the East's economy was so closely tied to the West and it was difficult for them to switch over rapidly to other sources of supply. Also, the Western allies, in close collaboration with the German authorities, had effective control over the movement of goods from the West to the Soviet Zone. As time passed these factors diminished in making sanctions effective. By the time I was assigned to Vienna in the late 60's I became very dubious about the usefulness of our export controls. We tried to maintain more stringent export controls against the Soviet block countries than our European allies which meant that on many items on our export control list there were adequate other sources of supply. Also, by then a huge network of trading connections

Library of Congress

were developed, often illegal but difficult to control, in response to lucrative incentives aimed at evading the American restrictions.

During my assignment at Eastern Element I had the dubious pleasure of having to read every morning the T#gliche Rundschau and the Neues Deutschland, the East German equivalents of Pravda and Izvestia. They were so obviously mendacious, so boring, so devoid of any redeeming literary virtue, that I concluded that no half sane society can endure for long the imposition of such daily fare of news. It is a tragedy that it took nearly forty years before this unnatural state of affairs came to an end.

In 1952, I was again switched from Berlin to Bonn and there into the political division where John Patton Davis, one of the old China hands, was the head of the office. He was a brilliant officer and perhaps more unjustly than any of his colleagues involved with China policy at the end of the war, became victim of McCarthyism. He came to Germany from the Policy Planning section of the Department and found that there had not been much long-term thinking about Germany. He assembled a small group of people to analyze the underlying political and social forces shaping the likely development of Germany. I was tasked to write about what makes the German business community tick. I wrote a report, the gist of which was that the German business community had been and continues to be rather apolitical unless its immediate interests are at stake.

Also, I was put in charge at the Bonn end of Berlin affairs, and also of the Saar problem. In fact, I was sent to the Saar for briefly because the State Department became suspicious that the reporting on the Saar from our Consulate in Strasbourg was overly biased in favor of the French. Under the guise of some economic expertise to assess the economic interdependence of the Saar with France and Germany I was to gauge the political and economic trends in the Saar. I rapidly came to the conclusion the French policy of retaining the Saar by every means within the French orbit was not going to last very long and that the Saar would revert to Germany. The elite of the Saarlanders, though trying to be loyal to the French authorities, resented the heavy handed methods of the occupying power.

Library of Congress

Economic questions were very secondary. The only mistake in my report was that the Saar reverted to Germany sooner than I expected.

As Berlin “desk officer” in Bonn the most significant event I witnessed was the 1953 uprising in East Germany, the first which periodically racked the Soviet orbit.

Q: This was the famous June 17th uprising?

GEBER: Yes. Our response was a very clever scheme; we were offering CARE packages to East Germans who would come to West Berlin to pick them up. It turned out to be a huge propaganda success. The East Germans came in large droves thereby giving a vote of confidence to the West with their feet. But by the end of the summer it became clear that this project reached a point of diminishing returns. School buildings in West Berlin which were used as distribution points had to be vacated, and, much more importantly, the East German government was taking increasingly effective countermeasures, endangering the life and well-being of the brave East Germans. When I was asked to report telephonically to Eleanor Dulles, who was the leading force in the Department behind this campaign, that both of the West German government and the allies felt that time has come to end this campaign, she gave me a tongue lashing. But the campaign was ended; Eleanor and I remained friends for years after.

At the end of 1953 I left Germany under a cloud. Perhaps I ought to say a few words about that.

Q: Yes, of course. I think that would be of interest.

GEBER: My parents were still in Budapest and there the extreme Stalinist regime raged. One of the many cruel things they started against their “class enemies” in the early '50s was the deportation of those from Budapest to miserable, impoverished villages. My parents were to be among them. But shortly before that happened, my mother impressed the Dutch Minister with her determination to resist that danger just as she and my father

Library of Congress

resisted the perils of the Nazi occupation and the Soviet "liberation". He offered them to move into an apartment in a building belonging to and adjoining the Dutch Embassy. After my parents lived there for nearly a year the Dutch Minister wrote me that I should try to find some way to get them out of Hungary. He expected to leave Budapest shortly, and he would prefer not to pass on the problem to his successor. Furthermore, if the Hungarians were to request officially their extradition, he would have no choice but to comply.

My search for ways to get my parents out of Hungary turned up various rumors and missed opportunities. Only one avenue seemed to be open, to entrust their fate to a man, then living in Vienna, and who was engaged in smuggling people out of Hungary. To make a long story short, I left the decision up to my parents, the man contacted them, my parents were disinclined to undertake the risk, which would have meant marching through fields in winter, but agreed to meet with the man once more before giving their final answer. Evidently the man was caught by the police before that second meeting and was never heard from again. The police must have gotten the names of the people he had contacted, and my parents were arrested on their way to visit my father's brother who just then suffered a massive stroke.

A few months later I received in Bonn a rather suspicious letter, presumably from a lawyer who offered to help my parents but needed to meet me somewhere in the West. Nothing came of this and it turned out that it was the Hungarian intelligence service which tried to contact me. This information was obtained from a high level police officer who defected and was interrogated by our intelligence services in Vienna.

These were the days of Senator McCarthy in Washington. Although every step I had undertaken in connection with my parents' misfortune I had reported to my superiors, and it was clear that I would resist any blackmail by the Hungarian authorities, our security people were nervous and they first restricted me to the handling of unclassified material and shortly after I was dismissed from the Service as a security risk.

Library of Congress

I came back to Washington and was offered leave without pay allowing me to look around for a non-sensitive job in Washington. Just about that time I received news that my mother died in jail ten days before she would have been released and my father completed his jail term. With this new information, the State Department undertook to review my security status and the final and favorable decision was taken by no less a person then Mr. Scott McLeod, who was the great security honcho.

This did not quite end my problem. I had to find a job. From about March until about late June 1954 I had a number of very attractive offers from various agencies. But each time I was turned down because one agency of the government was not willing to accept the security clearance of another agency. Among these offers was one that would have sent me to Indonesia as the program officer of our foreign aid mission there. But the security people of FOA turned me down. Couple of months passed when I got a phone call from Howard Jones, who had been the head of the American High Commissioner's office in Berlin when I was stationed there. He told me that he is going to Indonesia as the head of the American aid mission there and asked me if I would be willing to go as his program officer. I told him that that job was offered me earlier but that I was turned down by the security people. He obviously knew that and after I told him the whole story I was sworn in two days later as program officer and went off to Indonesia. Thus began an entirely new world for me.

Q: Not only a new world Tony but at that time dominated by Mr. Sukarno who had taken over after the Dutch had left and our relations were not entirely easy, I guess.

GEBER: No, Mr. Sukarno was not the easiest person to deal with. We had a very large technical assistance program covering agriculture, industry, health, including a large scale malaria eradication program, education, vocational training, housing and a contract for consultative services to the Planning Bureau of the Indonesian government. The foreign aid mission had no major capital investment program but the Export-Import Bank extended

Library of Congress

loans for the rehabilitation of the Indonesian railroad system and financed the erection of the first large cement factory.

Mr. Sukarno had a number of admirable and an equal number of less admirable qualities. He was a true patriot and a spell-binding orator who could inspire his people and imbue it with a great deal of national cohesion despite great diversity and poor communications within this far-flung island empire. But he had delusions of grandeur. He was prone to divert attention from domestic difficulties to foreign adventures. He was also much more interested in politics, and was only haphazardly and intermittently interested in promoting economic development.

Q: Tony could that partly be due to the fact that he always counted on certain oil revenues to keep his government solvent?

GEBER: Well, not so much at that time, although American oil companies were there and doing quite well. Rubber and tin were also major exports, as well as timber. Still, the economy was steadily going down hill during the years that I was there and after.

An insight into Mr. Sukarno's psyche was provided right after his state visit to the United States which our Ambassador, Hugh Cumming, arranged successfully. Mr. Sukarno was quite impressed. He was given the red carpet treatment, including visits with Hollywood starlets. He came back quite pleasantly disposed toward the United States. His feeling of goodwill toward the United States resulted in his acceptance of an invitation for the celebration of the Fourth of July, not from the Embassy — that would have been too much to expect from him — but from a private American society the members of which were mostly American businessmen. So there we were in a large garden in July. Turkey was just served when Mr. Sukarno launched into a more than an hour long speech. The gist of the speech was that there are two conflicts in the world, one between communism and capitalism...but this was really a sideshow, nobody ever took it very seriously, no lives were lost, etc. The other major and much more important conflict was between

Library of Congress

colonialism, neo-colonialism and national independence movements. He didn't quite say so, but the real villain was the United States. Having to listen to this for an hour and letting my turkey cool was a little difficult to take.

August 17 is Merdeka Day, the Indonesian national holiday, which was celebrated with stunning dance performances in the garden of the presidential palace. That year Ambassador Cumming was invited as a specially honored guest in grateful recognition of having arranged Sukarno's visit to the US. Little did he expect that another special guest, whom he had to meet on an elevated platform, was to be Madame Sun Yat-sen, the widow of the famed Chinese national hero and the ardent supporter of the Communists in China. An elaborate quadrille was performed on that platform; when Madame Sun Yat-sen circled to the right of Mr. Sukarno Ambassador toured to the left, and vice-versa. These were the little tricks that Sukarno enjoyed playing on the Americans.

Our personal contacts with many Indonesians was most rewarding. We had many Indonesian friends. I had great respect for the ability and kindness of the Indonesians. It is true though that practically by natural selection our social contacts were with the most "westernized" members of Indonesian society. Most of them were members or supporters of the PSI, the Indonesian Socialist party, who were in the opposition to Sukarno's ruling party and whose political fortunes were declining. I witnessed the first general elections in independent Indonesia. The Embassy's projections of the likely outcome were far off the mark. Admittedly it was not easy to predict the elections. My wife and I asked our djongos, our house boy, before the elections which party he is going to vote for. He said he has not yet made up his mind, either the Masjumi, the Islamic party which at that time was leaning toward the West and was in opposition to the government, or the Communists. His choice was between the extreme opposites.

The Nahdlatul Ulama, the party of the conservative Muslim teachers, but which for opportunistic reasons supported Sukarno, made a strong showing in the elections. I remember that shortly after the results of the election became known one of the political

Library of Congress

officers came over to us in the foreign aid mission asking whether any of us had any personal contact with a member of the Nahdlatul Ulama. The Embassy had none; neither did we in the mission.

Q: Was it not at that time, Tony, that the Bandung Conference took place?

GEBER: Yes.

Q: Perhaps you might give us your impression of the situation.

GEBER: Well, it was a great propaganda coup for Sukarno. Nehru, Tito, Zhou En-lai and a host of lesser dignitaries came to the meeting. Zhou En-lai outshone them all with his winning personality. It was a three ring circus long on PR and short on specifics. But it did launch the numerically large grouping of non-aligned nations. This group was to be neutral between the Western democracies and the Soviet block nations. In practice its political and economic demands were directed against the West, simply because they knew that only from them can they obtain significant concessions. The group was far from homogeneous in its interests, but it was easy for them to suppress their divergences when it was a matter of making demands on the West. Most of these were pursued in the UN, its functional and regional agencies, where the one-nation-one-vote favored them.

Q: Was the Embassy allowed to have any observers in Bandung?

GEBER: Oh, yes, we had observers in Bandung, and they were duly concerned about the proceedings, although at that time it was mostly the propaganda effect of the meeting which was disturbing.

Let me comment a little bit about my experience with technical assistance.

Q: Please.

Library of Congress

GEBER: As I told you our technical assistance program was operating practically in every field. For each field of activity there was a division chief who spent much of his time at Mission headquarters do all the extensive paper work, preparing project proposals with detailed justification, budget estimates, procurement requirements. Part of his time he spent in the corresponding Indonesian Ministry or agency, discussing the projects and seeing to it that the Indonesian agencies did their part to implement the program. The projects usually consisted of two main elements, American technical experts who were to train Indonesians, and Indonesian trainees who were sent to the United States to be short term training in their respective fields. As I believe is apparent of this brief description, the implementation of these activities required exceptional management talent which was often lacking on the American side and even more in the Indonesian government agencies. We lacked an adequate experienced cadre to fill the jobs. Most of the technical experts were recruited from domestic agencies. But for instance, an employee of the American agricultural extension service may have been exceptionally competent in the area of his expertise, irrigation, soil management, etc., but when he came to Indonesia he needed additional qualifications, as organizational talent, empathy for different cultures. These were difficult to spell out in a job description. Some of them had the natural talent and did very good work; others did not. Often it took a long period for these American technical experts to settle in with their families, find their way around in the Indonesian bureaucracy. The delivery of the training materials they ordered took many months to arrive. Many of them left after the end of their two year duty, and often there was a long hiatus before their successors arrived. Even more questionable to my mind was the overall planning of the program. Soon after I arrived in Indonesia as the Mission's Program Officer I had to go through the exercise of preparing the yearly plan to be submitted to Washington for approval. The plan had to start out with a statement on US national interest and objectives in Indonesia, such as containing communism. The next step was to argue that promoting economic development supports this US objective. To make these linkages down to the justification of asking for one additional trainer in automotive mechanics in a vocational training program, or to recommend the phasing

Library of Congress

out of a housing project because the Indonesian counterparts were organizationally incompetent, demonstrates the phoniness of such a highly centralized operation. One of my early battles with Washington was that in preparing the plan we had to fill out a box on a form projecting the growth rate of the Indonesian economy for several years ahead. There was a UN team at that time in Indonesia trying to construct the first national accounts for Indonesia. They were engaged in making calculations and estimates for several years back on the basis of inadequate statistics. I thought that making any GNP projection for the years ahead would be irresponsible.

In the end I lost the battle. I was told to put in any number, but it essential that I fill in the box. Much to my amazement a couple of years later when I was back in Washington I saw a printed hard cover book on the Indonesian economy which contained those figures which I picked out of thin air.

Q: Those are one of the little triumphs we have in the Foreign Service. Let me ask you, did you have a feeling that you were in competition with your Soviet counterparts while you were in Jakarta to pour aid into the country? I know we couldn't put military aid in there because of Indonesia's neutrality policy.

GEBER: Oh, we had some military aid and we certainly had some aid to the police and security forces. Indonesia was in the throws of various regional uprisings, including banditry in the western part of Java. My director, Howard Jones, and I visited some of the military outposts there. I remember asking one of the military chiefs as to why he had so much difficulty oppressing banditry. During the day time it was quite safe to travel in the region but it was not recommended to do so at night. He said, "Who do you think the bandits are? They are my soldiers."

Actually, the aid to the military, mostly training, was a very good investment. The military leaders appreciated the aid given and were by and large western oriented, which paid off years later when the showdown came between the military and Sukarno.

Library of Congress

Russian aid began to arrive only after I left Indonesia. The Russians were much more accommodating to Sukarno's wishes, for instance, by building a grandiose sports stadium. Mike Harris, whom I knew from Germany where he was the very able Marshall Plan administrator, and who was the Ford Foundation representative in Indonesia during the years I was there, and several years after told me a very interesting story. On his way back from Indonesia in India he was introduced by our Embassy people to a Russian diplomat who evidently held an important position previously in Moscow in the Russian foreign aid administration. His first question to Harris was how could he stand it for that many years working with the inefficient Indonesians. That question obviously opened the way for a rather frank discussion. When Harris ventured to suggest that it was easier for the Russians to extend foreign aid because they did not have to give detailed justification for everything to congressional oversight, his Russian interlocutor replied that Harris is mistaken; although there is not that close examination by often hostile committees, there is considerable political pressure on Khrushchev why Indonesia gets a sport stadium when Tiflis or Baku has none.

Q: Let me ask you one more question if I may. Our Secretary of State during those years was John Foster Dulles and I remember that he proclaimed widely that neutrality was wicked. How was this received in Indonesia and did it affect at all relations between Indonesia and our Embassy there?

GEBER: Not very significantly, at least not on the day-to-day operations of the Embassy. Sukarno and his advisers undoubtedly believed that Mr. Dulles was wrong in opposing the "non-alignment" of Indonesia and other third world countries and they were opposed to the kind of military alliances, such as SEATO, which we were promoting in those days. They were also suspicious of less militaristic projects aimed at advancing regional cooperation and cohesion, such as was to be considered at the initiative of India at a conference held in Simla, and which we supported; here it was more the Indonesians' resentment against the Indians playing big brother. Mr. Dulles and the AID Administrator, Mr. Hollister, visited

Library of Congress

Indonesia, I believe in 1955, on their way to a Colombo Plan meeting in Singapore. They paid a call on Mr. Sukarno which went off quite well.

The kind of tendency in Indonesian politics that I described with my little anecdote about the Fourth of July speech of Mr. Sukarno continued and we had our disagreements but it really hadn't affected our relationship too much until later after when Mr. Sukarno laid eyes on Irian-Jaya, the Dutch held part of New Guinea, and his "confrontation" policies toward Malaysia and the Philippines.

While I was in Indonesia I was also sent to Cambodia in 1956 on temporary duty for a couple of months to pinch hit there as program officer in the aid mission. The poor Cambodian aid mission...I was the third or fourth temporary program officer because Washington was unable to fill the job. The director of the mission was a very attractive, cultured person who spoke impeccable French. He was a labor lawyer from Washington before he went to Cambodia to be mission director. In that job he was much too nice, especially in his dealings with Washington to be effective. He had a hard driving ambassador. When I called on him after I arrived he pulled out his desk drawer and took out a sheaf of papers, they were weekly reprimands by the ambassador on how poorly he did his job.

Q: May I interrupt to ask who the ambassador was then?

GEBER: Bob McClintock. He was very able, one of the youngest ambassadors we had. But I think an insight into his character was a framed document on his office wall from Stanford where he had won a debating prize. He was prone to shoot from the hip. I had the good fortune that he knew me from my days in Germany and so did his political counselor, Martin Herz. I did not have to struggle to establish my credentials.

The Ambassador confirmed to me that he really was having problems with his aid mission. For instance, he asked the mission to give him a projection of how long it would take to phase out the military support program. This was a very large program of commodity

Library of Congress

imports to support the Cambodian military budget. Unfortunately the aid mission could not come up with an answer, they did not have a competent economist on their staff. Ambassador McClintock then turned to his military who in good military fashion came up with a bar beautiful bar chart within the allotted deadline of one week. It showed that in the first two years the military support program would have to be kept at the same level but that it could rapidly decline in the next two years. I asked the Ambassador to let me look into this. I got hold of the Colonel who prepared the chart. The Colonel admitted that he didn't have much to go on but the presence of a fairly large aid mission whose task was to improve the Cambodian economy justified his assumption reflected in the chart. I reported back to the Ambassador that in my opinion the only basis for the chart that was that the colonel who prepared it had a tour of duty in Cambodia for the next two years after which it was to be somebody else's problem..

Q: What was the Ambassador's reaction to that?

GEBER: I think he laughed.

I came back to Washington in 1957. I continued a little while longer with the foreign aid organization as Ethiopian desk officer. I was only there for about nine months and I never got to Ethiopia. I can only say that, contrary to my expectations — after all the Emperor was a great friend of the West — the day-to-day dealings with the Ethiopians on foreign aid matters were even more difficult than with the Indonesians.

At the very end of 1957 I transferred back to the State Department, to the Office of Economic Development and Finance in the Bureau of Economic Affairs. There our task was to develop economic policies toward the third world, and to see to it that there was some consistency in those policies. I was involved in the preparations of the establishment of the Inter-American Development Bank, in the setting up of the Development Loan Fund which moved much of US aid away from the comprehensive country program approach I described earlier to the financing of sound projects. We analyzed aid programs and

Library of Congress

projects in the various developing regions and brought our views to bear in consultations with the regional bureaus and with the foreign aid agency, whose initials were by then changed, if I remember correctly, to ICA.

We had battles with an excessively niggardly and ideologically hide bound Treasury Department; for instance, we could not clear any paper with Treasury that contained the word "planning". We also had fights with some of the regional bureaus in the Department which felt that their clients should be exempted from the application of consistent policies. An interesting example of this was the African Bureau's argument that most of the African countries cannot be expected to prepare well thought out projects for American foreign aid financing, and for political reasons, especially to counter Soviet influence, the US should commit lines of credit in advance of fundable projects. ICA, with some justification, objected to this approach.

Q: Was there actually an African Bureau then or was it still part of NEA?

GEBER: It was the African Bureau.

Q: There weren't many independent countries until 1960...

GEBER: There must have been. I would have to check the dates but I believe that, for instance, Ghana, Guinea and several of the West African countries have by then gained their independence.

Q: Then you straddled the whole problem of African independence.

GEBER: Yes. The dispute between the African Bureau and ICA occurred still under the Eisenhower administration. Mr. Dillon was Under Secretary for Economic Affairs in the State Department. He tasked ICA, the African Bureau and the Bureau of Economic Affairs to come up with recommendations on how to deal with aid to Africa. Martin Herz was representing the African Bureau and I participated for the Economic Bureau. We were

Library of Congress

to submit a recommendation to Mr. Dillon and, if we could not resolve our differences, we were to submit options. We met many times, missed several deadlines, and never submitted a report. The African Bureau and ICA could not resolve their differences and both resisted submitting options for Mr. Dillon to decide, the one arguing that Mr. Dillon is an investment banker and economist and therefore will not give sufficient weight to political considerations, and the other side claiming that he as Under Secretary of State would be biased against sound economic management of aid projects and give preference to political factors. The Eisenhower administration came to an end and Mr. Dillon left the State Department without any resolution of the issue. I thought that this little exercise was worth mentioning as a particularly telling example of the occasionally tragicomic workings of bureaucracy.

I mentioned Martin Herz. As you may recall, I also met him during my temporary duty assignment in Cambodia. Actually this was my third encounter with Martin. The first was when I was dealing with the Saar problem in Bonn. Martin was at the Embassy in Paris and was arguing that the whole French political system would collapse if we don't strongly support the French policy towards the Saar. As you know the Saar became part of Germany and the French Republic survived. The second encounter was in Cambodia. He was the Political Counselor, having known me and trusting my judgement, made my brief work in Cambodia much easier. In exercise on the African aid program he was tenaciously defending his bureau's interests. Martin Herz was not the easiest person to deal with but I had very high respect for him. He was a very able and energetic Foreign Service Officer very dedicated, hard working and productive. His book, *215 Days in the Life of an American Ambassador*, giving an account of his Ambassadorship in Bulgaria, and his many publications after his retirement at the Georgetown School of Foreign Service, should be required reading for all budding Foreign Service officers. I had many pleasant contacts with him at Georgetown.

Q: He was dedicated and very good.

Library of Congress

GEBER: The Kennedy Administration came in while I was still in the Bureau of Economic Affairs, and instituted a major overhaul of our aid policies. It recruited some very able people to advise and run economic policy towards the Third World. One thing that they decided very early on was that instead of having aid programs in practically every Third World country in the world, they would concentrate the bulk of foreign aid on a few countries promising good economic management and rapid development. And whereas economic planning was a dirty word in the Eisenhower Administration and particularly in the days of Secretary of the Treasury Humphrey, economic planning became very much the key criterion for selecting the countries on which our foreign aid was to focus.

In Africa it was decided that Nigeria is going to be the great white hope. A presidential commission of four members was formed of which I was a member. We went to Nigeria for about a month, visiting the capital and all then existing three regions of the country, to see how far their economic planning had progressed. The notion was that if we were satisfied with their economic planning, then we would be ready to make a multi-year commitment of aid.

A Ford Foundation team was assisting the Nigerian government in preparing a multi-year economic plan, and the head of the team, Wolfgang Stolper, a professor from the University of Wisconsin, was an old friend of mine. He told me that doing economic planning in Nigeria was fascinating; when he gets back to academia in the United States he planned to write a book to be titled, "Economic Planning Without Statistics". Our survey of the Nigerian economic scene made me rather dubious about the necessity or desirability of making a long-term commitment of aid.

Q: May I interrupt Tony to ask a question. Was Nigeria chosen as the focus rather than other countries which might at that time seem to have had more promise such as Ghana, which was under Nkrumah, or Kenya which was under Jomo Kenyatta, two men with

Library of Congress

whom our policy was not always in accord...did we choose Nigeria because it did not have strong leadership?

GEBER: Nigeria had a very impressive leader, Prime Minister Abu Bakr, who was murdered in cold blood shortly after we went there. He was very able and dedicated to economic development. I am sure that our difficulties with Mr. Nkrumah had something to do with it. I know much less about eastern Africa. But Nigeria was the largest and most populous of the African nations, had many economic resources even before oil production became one of its major economic assets. It had a very respectable and capable civil service and some very good economists and seemed stable politically at that time compared to other African countries. All that added in favor of Nigeria being selected as the focus of our aid efforts.

Still, I felt that Nigeria faced many problems. At that time it was divided into four provinces largely on tribal basis. There were great differences between the regions, especially between the bustling capital city of Lagos and the commercially advanced southern region and the sleepy, feudal north of Arabic sheiks. Corruption was endemic.

Q: Also differing on religion too, I guess.

GEBER: Yes. I had an uneasy feeling about political stability which was borne out by subsequent events. But mostly I felt that a long term commitment was not essential in supporting economic development. If any thing, our aid programs were quite inflexible and aid receiving countries could generally count on the aid levels remaining by and large unchanged year after year. On the other hand, committing our aid to a certain level, and then not being able to fulfill the commitments would bring frustration to both aid giving and aid receiving parties. I was the sole dissenter on the team, we concluded that the economic planning had not progressed sufficiently at the time of our visit, and the decision on a multi-year commitment could be postponed. A second mission went to Nigeria a

Library of Congress

few month later but by that time I had another assignment and I didn't go on the second mission. I think that I wouldn't have been particularly welcome with my views.

I hate to say I told you so, but the second mission put its stamp of approval on Nigeria and we made a long term commitment. For many years after our greatest problem in Nigeria was how to get out of it. There was the Biafra war and we were stuck with a long term commitment which for various reasons we were unable to fulfill. It created mutual suspicions and recriminations.

You asked about the Alliance for Progress. At the very beginning it was a very desirable move on our part and I it was very much appreciated. Our problems with Latin America is a long and historical story and the Alliance for Progress eventually also lost its sheen because our always troubled relations with Latin American countries. My exposure to Latin American economic issues was limited. As I mentioned earlier, I had a hand in the preparations for the establishment of a the regional development bank for Latin America. Tom Mann, who was Assistant Secretary for Economic Affairs and an expert on the region, asked me to write a position paper on how this bank should be structured. I came to the conclusion that it would be best if the bank would be limited to give hard loans, that is on commercial terms similar to the World Bank, given the relatively more advanced stage of development of most Latin American countries, but that in order to satisfy Latin American sensitivities it should be located in one of the Latin American countries. Tom Mann looked at the paper, gave me high marks for it, but then he decided that the bank should give soft loans and should be located in Washington.

I had an encounter with Brazilian negotiators about economic aid to Brazil. They were absolutely hep on macro economic planning, which is as I said before absolutely anathema to Secretary of the Treasury Humphrey. We had some very difficult sessions with the Brazilians. I finally was delegated to visit the young Brazilian delegation in their hotel room and succeeded in persuading them that asking the United States to fill their estimated capital gap of several billion dollars is not going to get them anywhere. Instead

Library of Congress

they should submit good economic projects and we would see what we could do for them. The amusing thing was that when I finally made them understand how the American government functions and what they can reasonably expect from us, they thanked me profusely and said, "You must have a European background, we can understand you so much better."

Incidentally, that happened to me in Indonesia too. One of my journalist friends, Ed Korry (later our Ambassador to Ethiopia and Chile) recommended me to a young Indian diplomat who was transferred from Paris to Indonesia. His name was Tony Menezes, and he came from a good Catholic family in Bombay. He came to Indonesia as an advance man to set up an Indian embassy in Jakarta. He called me shortly after his arrival and we had lunch at a rather second rate hotel. He was most miserable. He couldn't bring his young family to Indonesia because he couldn't find any housing. He found dealing with the Indonesians extremely difficult. At one point he turned to me and said, "You know, we Europeans dealing with these Asians..." I looked around wondering who he had in mind, he was Indian and I was American.

Toward the end of my assignment in the Bureau of Economic Affairs I worked on the establishment of the Development Assistance Group (DAG), the organization of foreign aid donor countries set up at US initiative to coordinate the foreign aid policies of those countries, but primarily to serve as a forum where member countries would mutually encourage each other to increase their foreign assistance and provide it on more favorable terms. In those days the US was among the leaders in spending on foreign aid and we felt that time had come to urge some of the European countries to share that burden more equitably. The establishment of the DAG was part of the negotiations which replaced the Organization of European Economic Cooperation (OEEC) with the Organization of Economic Cooperation and Development (OECD). The OEEC was the institution of the Marshall Plan which allocated the funds among its European member countries and simultaneously liberalized trade and payments among them. By 1960 the US felt that the OEEC fulfilled its mission. Trade liberalization among the countries of Western

Library of Congress

Europe discriminated against outsiders, including the US. This the US supported during the period of economic rehabilitation of Europe. But by this time the United States was getting concerned about its deteriorating balance of payments. The OECD, which the US was prepared to join, was to become a consultative forum for the industrial democracies to discuss and harmonize their economic policies. Canada, Japan, Australia and New Zealand also became members. The Development Assistance Group became the Development Assistance Committee (DAC) of the OECD.

Q: In other words development replaced cooperation.

GEBER: We promised to join the OECD on the basis that the new organization would have different ground rules and different objectives. Among these new objectives was the addition of consultations on development aid policies. We were thinking initially of a small group of major donor countries, including the Germans, French, British, the Japanese, possibly the Canadians, and ourselves.

Q: This would be an inner circle of the OECD?

GEBER: Not really. Practically all of the OECD committees consisted of the full membership. Later on the Executive Committee, which looked at issues before they were sent to the Council and also had some management responsibilities, also had a more limited grouping was of the more important members of the OECD where senior policy officials of their member could discuss major policy questions. For the DAC, and before it the DAG, we had in mind the major donor countries, as I mentioned. But much to our consternation during the negotiations, lo and behold the Portuguese insisted on joining as a major donor country and were supported by the British representative who exclaimed "The more the merrier." Thereupon the Belgians also claimed to be major donors. Eventually most of the OECD countries became members. The Japanese who were members of DAG from the beginning, became members of DAC before becoming members of the OECD.

Library of Congress

The first meeting of the Development Assistance Group was held in Washington and I was the secretary of the meeting. Mr. Dillon chaired the meeting. He was one of the ablest public servants I had the privilege to work for, with an amazingly rapid absorptive capacity. Let me tell you two stories to illustrate. In preparation of DAG meeting I was asked to prepare a paper on burden sharing in the economic aid field among the participants. There were a number of issues which could be decided one way or another, e.g. should PL 480, US agricultural surplus shipments to developing countries, carry the same weight as other forms of assistance, etc. I submitted my paper to John Leddy, Mr. Dillon's special assistant, on a Friday afternoon. Monday morning I got a corrected paper back changing some of my figures. But the figures showing the aid amounts as a percentage of GNP of the participating countries had the decimal points misplaced. Thinking that John Leddy, with whom I was on very friendly terms, made the mistake, I sent the paper back to him with an irreverent comment about the dumb mistake. It turned out that Mr. Dillon went over all the figures in the table I submitted, and it was he who misplaced the decimal points.

My other story on Mr. Dillon occurred when he left the State Department and was named Secretary of the Treasury by President Kennedy. The Treasury sent over to State several big volumes of briefing papers which Mr. Dillon took home over a weekend. On Monday he asked John Leddy to get some clarification on a rather obscure point in one of the briefing papers. John tracked down the author and told him that Mr. Dillon asked for clarification. The Treasury official did not want to believe that the request came from Mr. Dillon nor even that Mr. Dillon read the paper in the short time that he had it. When he was finally convinced, his only reaction was: "Holy cow!"

Incidentally another person with such absorptive capacity was Ed Martin, at that time the Assistant Secretary for Economic Affairs and my immediate boss on the preparation of the DAG meeting. He and I were to meet with representatives of the Embassies of participating countries for a briefing before the DAG meetings. I prepared talking points for Mr. Martin but could not get to him before the session and showed him the paper as

Library of Congress

we were rushing over to room where the embassy representatives were assembled. He hurriedly glanced at the paper, folded it as he sat down in the meeting and listed the eight or ten points in the exact order I had in my paper. It is most rewarding to work for people like Ed Martin.

One of the issues that arose at this first meeting was how to distinguish between export credits and economic aid. In those days, we were not only way ahead of most other aid giving countries in terms of the resources we provided, but we were generally in favor of untied aid. Export-Import bank loans which we counted in our aid figures were by the charter of the bank tied to exports of American machinery and services, but they were made for large scale projects usually on repayment terms of fifteen years or longer. Much of the European aid figures included export credits not related to projects and with much shorter repayment terms. We wanted to make a distinction between the two types of financing and give different weights to them in any burden sharing calculations. Harry Rowntree, the chief economist of the Ex-Im Bank, was tasked to prepare a paper defining the two financing mechanisms for consideration at the next DAG meeting. Unfortunately the distinction between these two types, given the many institutional and other differences among the member countries, was not as simple as I just outlined. Weeks went by and there was no paper from Rowntree. He apologized having been preoccupied with other problems. Finally he had to admit that he found it very difficult to put his thoughts on paper. He said, "I feel it in my bones what is a development aid and what is an export credit." I told him that unfortunately feeling it in his bones was not a good enough basis on which to organize a discussion of the Group.

The next meeting was held in Bonn. It was held there because several members of the Group were particularly interested in putting the pressure on the Germans to mount a substantial aid program. Unfortunately, every member of the group was quite aware of why we were in Bonn except the Germans. Things went very poorly in the first few days of the meeting until finally Mr. Erhard, then the Economic Minister, felt it necessary to come before the Group and give assurances that the German government had every

Library of Congress

intention of raising the level of economic assistance, only because they hadn't submitted their plans yet to parliament were they unable to be more forthcoming in the meetings. That eased the tension of the meeting. At the end of it the Germans delegation invited the American delegation to a lovely dinner in one of their clubs. After dinner we adjourned to one of the club rooms with comfortable leather chairs; excellent cognac and cigars were served, Grady Upton, Assistant Secretary of the Treasury and head of the American delegation had a t#te-#-t#te with the head of the German delegation, the Under Secretary in the German Foreign Ministry, soon to be named Ambassador to the Vatican. (As was customary in many European countries, they usually sent a Protestant as representative to the Holy See).I was invited to join them in case they needed an interpreter. Mr. Upton in the spirit of conciliation told his German counterpart that we all must make a greater effort to assist the developing countries, although unless we find some solution to the population problem in countries like India, for instance, much of the aid may be money down the drain. To this the German gentleman replied, "Yes, Mr. Upton. I see eye to eye with you. But we in Germany favor the Christian solution to population control...wars, pestilence, floods."

Q: After your interesting time in the Department, it was off to Paris and into the OECD for you, which seems to flow naturally from what you have just been telling us.

GEBER: Yes. Having become a development expert by then, and having worked on the creation of DAG, my next assignment was to the OECD in Paris. I became the development assistance advisor to our mission at the OECD.

Q: Were programs coordinated among the donors and the receivers?

GEBER: No, not really. DAC did not coordinate programs of donor countries in individual developing countries. The Secretariat prepared information on the direction of the donors' aid — by regions, I believe — but DAC's main preoccupation remained the volume and terms of aid provided by its members. Other topics discussed in DAC related to various

Library of Congress

aspects of the effectiveness of aid. One of the most important activities of DAC was the periodic examination of each member's aid policies. This was a procedure used in several other committees of the OECD. The Secretariat prepared an analytical paper, in consultation with the given member, on its aid policies. On a set date the member country made an oral presentation of its policies and the other members were invited to comment and critique the policies; usually two or three member delegations were designated as lead questioners. After such a meeting the Secretariat revised its paper in light of the discussions and issued it in its own name. It should not be surprising that the final paper could not include criticism to which the member delegation strenuously objected; still it was a reasonably objective evaluation, and whatever criticism the paper contained was often welcomed by the responsible aid officials for strengthening their hand in their internal battles.

I must tell you an amusing story. It was the day of the examination of the French aid program. The American delegation was designated as one of the lead questioners. We prepared to be rather critical of French policies in the aid field: the overwhelming portion of French aid was directed to the few francophone countries of Africa; much of the aid consisted of the salaries of French civil servants and teachers who, whatever good they did for those countries, they also helped maintain the French infrastructure there.

The French delegation was headed by Andr  deLattre, an Assistant Secretary in the Ministry of Finance and an inspecteur des finances, that fabulous breed of French civil servants, who, if they survived their elite and rigorous training, excelled among their peers. M. deLattre made a brilliant presentation of the French aid program, anticipating all critical questions, explaining as best he could why things were as they were, and promising improvements in the future, and all that in the most beautiful and articulate French. So, there was not much point in asking the questions we had prepared, and Sy Rubin, the head of our delegation, asked only why deLattre, explaining the constraints on the French

Library of Congress

program, used repeatedly the English words, “pressure groups”. DeLattre replied that if would have had to use a French expression he would have said, “lobbies”.

Sy Rubin, with the rank of Minister, was sent by the foreign aid administration in Washington, which took over the backstopping of DAC from the State Department. I served for a while on the delegation representing State but after three years doing DAC work I switched to become trade advisor to our mission. Not long after that change I was elected chairman of the Trade Committee Working Party, a subordinate group of the OECD Trade Committee. The Trade Committee met twice a year and its members were trade officials from the members' capitals, whereas the Working Party was a standing committee, its members from the resident delegations. Its function was to do the preparatory work for the Trade Committee meetings.

The main agenda of the Trade Committee and its Working Party in my time was two fold. We were working on non-tariff barriers, such as government procurement practices, customs nomenclature, border taxes, etc. with the objective of setting forth guidelines to harmonize members' practices. The other part of the Trade Committee's agenda was to try to coordinate the members' positions on trade issues in relations to developing countries. This became increasingly important after the developing countries, dissatisfied with their role in GATT, created the UN Conference on Trade and Development (UNCTAD). In the first meeting of that organization in Geneva the developing countries took a highly confrontational attitude toward the developed countries, and the latter found themselves in considerable disarray.

It was not easy to make progress in the Trade Committee, or generally in the OECD. Two examples will illustrate. As I mentioned, eliminating or reducing non-tariff barriers was one of the main topics discussed in the Trade Committee. It was decided to attempt the formulation of a code or set of guidelines for non-discriminatory government procurement practices, such as open bidding procedures. It was not an easy task, most countries, including the United States, having national laws and practices which they were reluctant

Library of Congress

to modify. The Working Party had numerous meetings, and the Secretariat draft paper was revised several times. Finally, it seemed there was general agreement, and prior sounding suggested that at the next meeting of the Working Party the proposed guidelines would be approved to be forwarded to the Trade Committee and from there to the Council to be issued as an OECD Recommendation to the member governments. At the meeting one representative after another approved the document until we came to the delegate from Portugal who in a long statement declared that his government could not approve the guidelines because there is a great deal of difference between his centrally governed country and the federally constituted United States; therefore these guidelines would have a differential impact in the two countries. No pleading that at least he should abstain, which would have allowed the application of the recommendations to the other members, could persuade him to desist from his objection.

The other illustration occurred in connection with coordinating OECD members' positions on trade issues concerning developing countries. The question before the Working Party was how should OECD members vote in UNCTAD on resolutions pushed by the developing countries against which OECD members have objections; it was understood that UNCTAD resolutions have no legally binding character. The US representative argued that OECD members should stand on principle, and should vote against resolutions to which they object. Other members were more inclined not to aggravate unnecessarily the confrontation with the developing countries, and go along or abstain on objectionable resolution. That point of view was most concisely and perhaps somewhat cynically expressed by the French representative, who very solemnly declared that the French government is prepared to support and will abide by any UN resolution of which it approves.

Still, one should not belittle the usefulness and accomplishments of the OECD. For instance, on the question of granting preferential tariff treatment to developing countries, one of the urgent demands of the Third World, the United States found itself isolated in its opposition. It was in the OECD, in a four member task force, that a scheme for a

Library of Congress

generalized system of preferences (GSP) was worked out which made it possible for the United States to adopt such a system. Similarly, a dispute between the US and the European maritime countries over the rate setting in maritime trade was resolved in the OECD.

More generally, the reviews of member countries' economic policies, and subsequent publication of the findings, are acclaimed throughout the world by economists in and out of governments. Many important studies, on fiscal policy, on labor, etc. are useful to policy makers and academics. A development research institute, initiated by the Kennedy administration, did excellent work and provided a bridge between the OECD and developing countries. Every once in a while we got together in the US mission to ask ourselves what we have accomplished. Very often the feeling was, "not very much". But when we looked back over a two or three year period, we could see that whereas earlier there were issues which countries considered their sovereign right and could not be subject for discussion in a multilateral forum, they began to realize that an exchange of views was in their interest. Just the fact that the OECD brings economic experts and policy makers from capitals together has its value. I remember a story a very distinguished pre-war president of the Hungarian National Bank, who later was consultant to the German Bundesbank and the World Bank, told me. It was in the 1930's, when all over the world trade barriers were raised, multiple exchange systems were introduced, that a friend asked him what good it does to attend the monthly meetings of central bankers at the Bank of International Settlement, since the bank is completely ineffective and had no enforcement powers. His answer was, that the fact that the central bankers had to look each other in the eye every month prevented them from doing much worse. The OECD has done better than that.

Talking about a former Hungarian bank president, I have one other anecdote I would like to tell. In preparation for an UNCTAD meeting the Trade Committee tasked the Trade Committee Working Party to prepare a study of developing countries' trade policies with a view to demonstrate that their generally practiced protectionism and import substitution

Library of Congress

policies are hurting them as much, if not more, than any trade policies of the industrialized countries. Such a study would enable the OECD members to take a less defensive position in UNCTAD.

It was clear to me that the OECD Trade Committee Working Party was not qualified to undertake such a study, even with the help of the Secretariat. I was greatly relieved when I found out that the World Bank has engaged a small group of very competent economists to undertake such a study. This I learned from the director of the World Bank's Paris office who also told me that the head of the team will be shortly coming to Paris. I thought that the best way the Working Party could comply with the awkward mandate of the Trade Committee, is to invite the World Bank representative and the distinguished economist charged with the study, have them brief us on how they plan to proceed, and report that to the Trade Committee. I tell this little story because at the meeting I as chairman, flanked by the Paris office director of the World Bank (Mr. Arthur Karasz) and the World Bank economist (Mr. Bela Balassa). We were sitting at the head of the conference table and chatted in Hungarian.

Q: The Hungarians taking over the world!

GEBER: Well, Hungarians were known as nuclear physicists and as orchestra conductors, so now you can add economists.

Q: May I ask a question Tony? During your years there did you notice a developing cooperation among the European countries because the Common Market was beginning to gel at that time? Was there ever a tendency for them to speak together or coordinate their policy ahead of time for meetings?

GEBER: The European Community (EC) was represented by a separate delegation in the OECD which functioned the same way as the country delegations. Furthermore, at least before any major meeting, members of the EC held a coordinating session. Member countries could still speak for themselves. While this arrangement fostered the cohesion

Library of Congress

among the members of the EC, it allowed less flexibility for its members to speak their own mind. Mind you, this was still in the days when the EC consisted only of the original members of the Rome Treaty and when de Gaulle did everything in his power to keep the British (and others) out of the EC.

One thing that I meant to mention, it was interesting to see the European bureaucracies and how they differed. The French were absolutely magnificent. They were self-assured, they could engage in discussions expressing their personal views, they didn't have to have detailed instructions, etc. The Germans were in the old European tradition mostly not economists but legally trained and had to stick to the letter of their instructions. I think next to the French some of the best people were the Dutch.

May I go back for a moment to my days in Germany.

Q: Of course.

GEBER: I do not want to take away the great merit of such really farsighted Frenchmen as M. Monnet and M. Schuman, but the beginnings of European cooperation, the European Coal and Steel Community, has probably as much to do with US and British policy in Germany, as with Mr. Schuman.

Q: The Schuman Plan.

GEBER: M. Schuman undoubtedly had the vision of Franco-German cooperation in the post-war world, but I had some insight into workings of the French bureaucracy to believe that it somewhat grudgingly accepted the European Coal and Steel Community as a defensive measure. Realizing that dismantling in the Ruhr was coming to an end around 1947 and that the British and US were willing to join forces and build up the German coal and steel industry, the French decided that they had better join the Coal and Steel Community. I suspect that they still had in mind that thereby they can still control German steel capacity. The Maginot line mentality disappeared only slowly.

Library of Congress

Q: You were in Paris during the high years of President de Gaulle. Was his imprint noticeable at all on any of the work that you did or any of the attitude of the French?

GEBER: We felt it much more personally in our private lives than in our official life. I cited to you the statement made by the French representative on UNCTAD resolutions. Generally, the French were no great believers in coordinating OECD positions vis-a-vis the developing countries. All that had a de Gaullist flavor. But on the whole they were quite cooperative in the OECD. It was an institution to their liking and they were pleased to have it in their capital. Also quite a few of the French officials who represented France in the various meetings and in the Secretariat had friendly feelings toward the US. Among them I would count Ambassador François Valéry, the head of the French delegation to the OECD and the son of the famous French poet, Paul Valéry. It was a different story with NATO which de Gaulle sent packing to Belgium.

Q: He did while you were there.

Q: Well, Tony, when your six years in Paris came to an end where were you exiled then?

GEBER: After six years in Paris I got another hardship post, Vienna. People raise their eyebrows when I claim that these were hardship posts, but think how much cholesterol I consumed while I was eleven years in Europe six, in Paris and five in Vienna.

Shortly before I left Paris I learned that the position of economic counselor at the Vienna Embassy was coming open and it wasn't too difficult to get the assignment to Vienna. One of our good friends from Germany, James Riddleberger, was ambassador in Vienna, who incidentally was the first DAG chairman in Paris when I was there, and he was very pleased to welcome me to Vienna. The assignment was as Economic and Commercial Counselor. Unfortunately, before I got to Vienna, Mr. Riddleberger was replaced by Ambassador Douglas MacArthur II, who had a reputation of being a difficult boss. In fact, in Paris I was surrounded by people who worked for him at various posts, and some of

Library of Congress

them suggested that I should try to get out of this assignment, but I shouldn't do anything overtly about it because if I don't succeed, he would make my life miserable. They figured that chances were that Ambassador MacArthur would select his own man for the job. Well, I got the job and I got along quite well with him.

Q: Did Ambassador MacArthur take much interest in economic and commercial work?

GEBER: Very much so. He was a very good and able Foreign Service officer. It was not always easy to work for him but I seemed to have made a good impression on him with the very first cable I drafted and, as I said, I got along quite well with him. He and his wife were not particularly interested in the cultural and artistic life, which was a handicap in Vienna, and USIS guys had to suffer from it. But he took his political and economic tasks very seriously and he was also very good at dealing with the American business community. He took a personal interest in the activities of the American Chamber and met with them regularly which they appreciated very much.

Q: Did you have any major problems during your time there?

GEBER: Let me say that Austria was a happy little island, stable and prosperous. In 1968 there were huge demonstrations in the streets in Paris. Radical groups disturbed the societies in Germany and Italy. Austria seemed to be immune to these viruses. Oh, there were some student groups which staged a few "happenings", Chancellor Kreisky's son was one of the leaders. But whatever demonstrations there were they were quite mild; when it rained the demonstrators went home. Kreisky became chancellor about a year after I got to Austria. He was in his prime one of the most astute statesman in Europe and was quite influential beyond the borders of Austria. During my years in Vienna the big issue was the American involvement in Vietnam. Kreisky and much of the Austrian press and public was skeptical of the American policy there, if for no other reason, because they feared, with some justification, that it distracts the US from giving enough attention to Europe and that it judges relations with countries primarily on the basis whether

Library of Congress

they support American policy in Vietnam. Kreisky was not going to let Austria's good relations with the US fall victim to the Vietnam problem. We also knew that he counseled moderation and understanding for the US on Willy Brandt and Olaf Palme.

Austrians were also among those who were still very grateful for the Marshall Plan assistance and did not hesitate to say so often and publicly. They also credited the US for their liberation from partial Soviet occupation, until 1989 the only instance where the Soviets relinquished territory they occupied. So, all in all we had a very good relation with Austrians.

For me personally it was particularly easy to be effective in my job. As I told you at the beginning, I attended the two year course at the Konsularakademie in Vienna as a young student. By the time I returned to Vienna some thirty years later the building where I went to school and where I lived as a student became the building of the American embassy. It was a very nice building, perhaps one of the nicest embassy buildings we had anywhere in the world. It was built in the neo-baroque style with an imposing staircase, large, airy rooms, high ceilings. It was opened in 1904 by Emperor Francis Joseph, specifically as the foreign service school for Austro-Hungarian diplomats, but the origins of the school went back, as so many institutions of Austria, to Empress Maria Theresia who ruled in the eighteenth century. Ambassador Humes, who succeeded Ambassador MacArthur, occasionally introduced me to visitors to the embassy as the person who had his bedroom as a student where his office is now. That was not quite true but my obvious comeback to him was how does he know that I still don't have my bedroom there?

But, as I said, this background made my life very easy. When I arrived in Vienna Kurt Waldheim was the Foreign Minister.

Q: Your classmate.

GEBER: Well, school mate. He was a year behind me in school. He received me rather graciously. Incidentally I must say that Kurt Waldheim was never a Nazi. As I told you, I

Library of Congress

was in Vienna the day the Germans marched in in March 1938. The day after we knew exactly who were the convinced Nazis. There were only a few among my schoolmates, as there were also a few who heroically opposed them. Quite a few disappeared from school because of their Jewish background. Most of the students, as well as the professors, simply went along with events. I have not the greatest admiration for Waldheim for various reasons, but the best statement, in my judgement, about him and about his role as a junior army officer in the Balkans was in a letter by a British journalist to the London Economist, that his tragedy was that he neither had the skill nor the courage to get out of a very difficult situation. Waldheim obviously skipped over his service in the Balkans in his autobiography, presumably because he considered it embarrassing. I visited Vienna after my retirement just about the time when he was elected President of Austria, and some of my good friends, for whose democratic convictions then and earlier I can vouch without any hesitation, were distressed by the zeal of people in the American Justice Department which led to Waldheim's banishment from visiting America. Nor should his election as President of Austria be construed as a demonstration of pro-Nazi inclination of the Austrian people. The election was fought on the basis of purely domestic issues, and by then the Socialist party suffered several scandals and political set-backs. Furthermore the Socialists put up as candidate a nonentity. In contrast, Austrians viewed Waldheim, after his long tenure as Secretary General of the UN, as perhaps the most prestigious Austrian diplomat since Metternich.

I had several other schoolmates in leading positions in government and in industry, among them the ranking Under Secretary in the Ministry of Finance. Although we had some battles with him, I always had easy access to him and that helped, for instance, to overcome his objections to allowing one of the big American insurance companies to do business in Austria.

Our main problem in Austria in the economic-commercial field was that Austria had the distinction of being the country where the United States had the lowest market share compared to any other country where we maintained such market share statistics; lower

Library of Congress

than in Germany, Italy or Switzerland, or for that matter lower than in Ghana, India or Egypt. Many of the lessons about trade I learned in Germany after the war I could experience in Austria. Germany had the overwhelming market share of both Austrian exports and imports. The Austrian spoke German and it was much easier for them to do business with Germany. But that still did not explain why our market share in Switzerland was three times higher than in Austria. We in the Embassy, from the ambassador down to our very able local employees in the economic section, struggled valiantly to improve the situation, but I must confess with little success. I came to the conclusion that a good part of the difficulty rested with American business community, and that export promotion should have focused as much on the American domestic scene than on overseas. I will give you some examples which will illustrate the point.

Few days after I arrived in Vienna I heard the booming voice of Ambassador MacArthur calling me to his office. The Austrian Minister of Trade, Mr. Mitterer, came to complain to him that he acquired a Buick car as his official car, and he went on an official trip to Yugoslavia. The Buick broke down on route. His English was halting and that of his driver was nonexistent, and they didn't have a German language manual for the car. I called the GM representative in Vienna, who was a thick headed Dutchman, and I told him about the complaint. He said to me on the telephone, "Well, why didn't the Minister ask for it?" I said that if the Austrian Trade Minister acquires a car from General Motors, I would have expected that he would be given a German language manual on a silver platter. After this exchange we agreed to get together for lunch where he could tell me his problems and I would tell him mine. It was quite an interesting lunch. He told me that he was selling about 80 American made GM cars a year. These were all luxury cars in Austrian eyes. They were big and gas guzzlers, and had high duties, taxes and insurance premiums. Each were practically custom built; one was green and convertible and had electric windows and the other purple with different specifications. He could not even afford to stock spare parts for this variety of cars in Austria. He did have a few ideas how sales could be expanded in Austria which he submitted to his headquarters in New York. The answers came back

Library of Congress

six months later saying that GM is selling 3 and a half million cars in the US market and simply answering his letters is a cost item.

This was an extreme case in many respects, but not the only one.

We were imposing some restrictions on Austrian textile exports and Secretary of Commerce Stans came to explain our policy to the Austrians. The Austrians were not at all pleased and suggested that instead of restricting their exports, America should make a greater effort to export some of its good quality textiles to Austria; there is a market for it.

Just about that time the sales representative of Dan River Mills, a big American textile company, came to the Embassy to tell us that he was quitting because the supply from the United States was unreliable, it didn't come on time and sometimes it didn't come at all. Dealing with the company was giving him ulcers. Ambassador Humes was a friend of the President of Dan River Mills, and he wrote him a letter in which he mentioned the Austrian reaction to the US restrictions on textile exports and his firm's representative's complaint. The answer he got back was exactly the reverse coin of what we heard from the Austrian side. Austria is such a small market for us, wrote the president of the textile company, that it is not worthwhile for us to exert ourselves with prompt filling of orders.

Q: I think what you are saying is that the customer is always right except when he is too small.

GEBER: Another example of the inadequate effort by American business, and this time by a major multinational firm with sophisticated international experience, was the loss of Westinghouse of the contract for the first Austrian nuclear power plant to Siemens, the German competitor. The Austrians' main concern was the safety of the plant to be built. During the long negotiations Westinghouse sent each time a different team. We in the Embassy urged them to open a small office in Vienna with a secretary and a telephone, so that the Austrian can feel that they have Westinghouse sitting near their elbow; they refused to do so. Toward the end of the negotiations the Austrians sent the bidding parties

Library of Congress

a 60-page, questionnaire which was to be answered in a limited period of time. Shortly before the deadline I telephoned the Geneva office of Westinghouse to inquire where they stand, The answer I got They "Gee whiz, it is 60 pages and it is all in German!" The Germans won the bid. It can be only small consolation that the plant had to be dismantled some years later after the Austrians voted against nuclear power plants in a plebiscite.

American trade promotion efforts also suffered from the way we administered export controls. Although the Western allies coordinated export controls in an organization called COCOM, the US maintained controls on items beyond those agreed in COCOM. But it was not even so much the trade that we lost to our competitors due to the differential controls that hurt us, but the inordinate amount of time it took to come to a decision in Washington whether to issue or deny an export permit. People in Commerce didn't seem to realize that if you hold up licenses on strategically insignificant items, it shakes the confidence of the importer in your reliability as a stable supplier and he will turn to another source even for non-controlled exports. At one point while I was in Vienna we had the visit of a high ranking official of Commerce to review our trade promotion efforts. We decided to have him meet with a group of prominent Austrian sales agents of American firms and general importers of American products. First these were hesitant to speak up but once one of them started, it was like a floodgate opened to their complaints. Most of it related to the handling of export controls. The gentleman from Washington was overwhelmed by what he heard.

Export promotion was our major preoccupation. We also had some mutual complaints on trade policies. The Austrians slapped a tariff surcharge on American oil cake exports, an important cow fodder. Just about the same time we placed a quota on Austrian cheese imports.

Q: Cheese imports?

Library of Congress

GEBER: Yes, cheese exports to the United States; Austrian made Swiss cheese. The Austrians were very unhappy, particularly since the quotas were put on lower quality and lower priced cheeses and did not affect their Swiss competitors. So it was oil cakes versus cheese. The United States being a big country used its muscle and the Austrians had to abolish their tariff surcharge on oil cakes. The Austrians being a small country, they lost; the US was unwilling to change its quota regulations. But in the end the Austrians won too. The Austrians upgraded their cheese exports and ended up with exporting more in terms of value.

Q: I want to ask one question, Tony. Vienna was often seen in those days as the show place for the Communist countries of Eastern Europe.

GEBER: I was coming to that. Yes, Vienna was very much a listening post and an outreach towards the Eastern European countries. Even with the Russians we had a somewhat relaxed relationship. I knew my Russian counterpart and we could talk quite civilly. After all the SALT I negotiations were held in Vienna and the meetings alternated between our and the Soviet embassy buildings. Talking to the East Europeans was even less inhibited. I recall a conversation at a monthly get-together of commercial officers with my Hungarian and Israeli counterparts; the lingua franca was Hungarian. Mr. Schmitz, the then president of the Austrian National Bank was particularly anxious to cultivate the relationship with the East Europeans. He organized various symposiums and seminars with the participation of East European officials and economists. These meetings provided useful and sometimes amusing insights into the thinking of the officials from behind the Iron Curtain.

At one of those Austrian National Bank sponsored symposiums, shortly after the Soviet invasion of Czechoslovakia in 1968, the Czech participant was called upon to report on economic conditions in his country. He admitted that conditions were not good, that there were shortages of raw materials and that it was difficult to maintain the morale of the workers because they often had to stand idle next to their machines because of the lack of

Library of Congress

raw and intermediate materials. An Austrian banker friend of mine, who told me the story, said that at that point one of the Hungarian participants sitting next to him whispered in his ear, "You see that is the problem. The government has lost confidence in the people, the people should resign."

There were a number of anecdotes of that nature. I was at a delightful Austrian institution, a yearly seminar that dates back to the early days of the reestablishment of the Austrian Republic, the Alpbach Forum. Alpbach is a lovely, picture book Tyrolian village where the Austrians from 1945 on, have organized international gatherings of every type, economists, literary figures, scientists, jazz musicians. The people who started this organization, several of them resistance fighters and exiles, felt that Austria was so much cut off from the cultural and political movements of the West during the Nazi period that they felt the need of invite intellectual leaders from the West to exchange ideas with their Austrian counterparts. Every year the program included an economic symposium. I attended most years while stationed in Vienna. One of those years, at a dinner hosted by President Schmitz of the Austrian National Bank, I sat next to one of the vice presidents of the Hungarian National Bank. The conversation started out by his saying that he had just come from Egypt. This was at a time when Egypt was very much under Russian domination. I don't think we had diplomatic relations with Egypt. He told me right off the bat that he found that the most disliked people in Egypt were the Russians and the most admired were the Americans. With that opening from a vice-president of the National Bank of Hungary we could...

Q: And this was an Hungarian communist.

GEBER: Yes, indeed. He said some very interesting things. By that time, it must have been 1970, Hungary has embarked on a course of economic reforms, away from a rigid centrally planned economy. My dinner partner told me that the most resistant to economic reforms were the old socialists. The Hungarian Workers Party, as the ruling Communist Party was called, consisted of the Communists and some of the Socialists who were

Library of Congress

forced to join the Communists in 1948, just like the SED was formed in East Germany. These old Socialists, always somewhat unsure of their standing in the party, were more afraid to depart from orthodox Marxist dogma.

I must tell you one more story. Again one of my Austrian friends told me that one of the Hungarian economists, known as one of the leading Marxian theorists, told him that “We Hungarians know what needs to be done. We have to get onto a sensible pricing system based on market forces. We have to open our borders to foreign trade so as to become competitive.” When my friend then asked him what is then left of Communism and Marxism, the Hungarian answered, “Not very much. Some social control of the means of production.”

Q: And this was 25 years ago. So even at that time it was very clear what was happening.

GEBER: I must return to Alpbach because that was the scene of my greatest success in Austria. In the summer of 1970 President Nixon announced a new economic policy in the wake of the continuing deterioration of the US balance of payments. Elements of the policy were the introduction of temporary price and wage controls, a temporary imposition of import surcharges and a break with the remnant of a gold standard, i.e. the lifting of the obligation to settle official accounts with gold at the fixed rate of \$35 for an ounce. The objective was to realign the exchange rates between the dollar and other, mostly the European currencies. As it happened, the economic symposium at Alpbach took place that year about ten days after President Nixon's announcement. The organizers of the symposium had the foresight to suggest as the topic of the symposium something along the lines of “Inflation, exchange rates and the balance of payments.” Given the timeliness of the topic, the symposium was exceptionally well attended by leading officials and private sector figures. The symposium was chaired by the president of the German Bundesbank. The American discussants were three distinguished economists, professors Haberler and Machlup and Henry Wallich, one of the governors of the Fed (who all spoke English with different shades of a German accent). Most leading European bank presidents

Library of Congress

were present. In fact, it was the first European gathering of important policy makers and opinion shapers and the discussions were entirely focused on the implications of the new American policies for Europe.

The comments were rather critical, although somewhat self-righteous and self-serving. But the importance of this meeting was that it was the first broad based European reaction to the economic policies announced by Nixon.

Austria was not the country, certainly not in my time there, from where embassy reporting was eagerly read and awaited on the Seventh floor of the State Department. My reports on the proceedings at Alpbach seem to have been the exception. In fact we got a NIACT cable from the Under Secretary of Economic Affairs, Mr. Samuels, that he would like to have urgently the transcriptions of the discussions. (Because of the incompatibility of the Austrian and USIS tapes, it took couple of weeks before the transcripts could be sent).

Back at the Embassy in Vienna I told Ambassador Humes that my conclusion from the Alpbach meeting was that if we insist on the policy which Secretary of the Treasury Connally adamantly advocated, namely that all the exchange rate adjustments between the dollar and European currencies should be done on the European side, then we can expect at best a very limited adjustment. If, as I believe we should aim for a major adjustment in order for the currency realignment to be effective, then the dollar will also have to move downward from the fictional parity of \$35 to an ounce of gold. The argument that Mr. Connally put forward, that we should protect the gold exchange standard, does not seem very persuasive now that we have suspended our last link to it, the obligation to settle official balances in gold at the \$35 rate. It seemed to me that by moving the dollar down and the European currencies up, we can have our cake and eat it too. Ambassador Humes urged me to report my recommendations in a cable to Washington. I was somewhat reluctant, figuring that such a recommendation from Vienna would carry little weight since it was most likely that the whole issue was under active consideration

Library of Congress

by high level policy makers in Washington. In the end, I did do what the Ambassador suggested.

Q: This was Ambassador Humes?

GEBER: Yes. The cable went to Washington and we made some lateral distribution to the major European posts. It so happened that Graham Martin, our ambassador in Rome had as his house guest, Paul Volcker, Under Secretary of the Treasury for International Affairs. Ambassador Martin showed him our cable and strongly supported our recommendation. I cannot tell how much impact our recommendations had, but the arrangement reached in December of that year in the so-called Smithsonian Agreement was very much along the lines of our recommendations. It was on the strength of my activities in connection of that Alpbach meeting that Ambassador Humes recommended me for the Superior Honor award which I received shortly after I returned to Washington in 1972.

Q: Well, I certainly think you deserved your award and I congratulate you.

GEBER: I just want to point out that I could have spent five pleasant but routine years in Vienna, if there would not have been the coincidence of President Nixon's new economic policy, the Alpbach symposium, Ambassador Martin's support of our recommendations and Mr. Volcker's stay in Rome at the Ambassador's residence.

Q: I partly agree that luck does play a role, but, after all, if your cable hadn't been there they wouldn't have looked at it. But the Department must have thought you needed some more education because I see when you left Vienna you were sent back to the Senior Seminar.

GEBER: Either they thought that I needed more education or they didn't know what to do with me.

Q: You had as most do, I gather, a profitable and enjoyable year at the Senior Seminar?

Library of Congress

GEBER: Yes. It was one of the great years I had in the Foreign Service. It was tremendously instructive and enjoyable. One of the main purposes of the Senior Seminar was, and I suppose still is, to reacquaint us with practically every aspect of life in America. I must say that every moment I spent at the Seminar was worth its weight in gold. Ambassador Sam Berger was the coordinator of the Senior Seminar. He and his deputy, Bill Cunningham, arranged a most interesting and varied program. We heard lectures by the Army Chief of Staff, by a member of the Council of Economic Advisers, by Father Barone on the ethnic blue collar middle class, by the head of Yale University's Physics Department, by a Vice-President of the National Organization of Women (which made many of us blush), by Antal Dorati, then the Music Director of the National Symphony, on cultural exchanges, just to mention a few. On our field trips which took us to practically every region of the country and to Puerto Rico, we visited the nuclear submarine station in South Carolina, missile silos in North Dakota, we rode in night patrol cars of the Chicago police, met with a group of young and angry Chicanos in Denver, with UAW leaders in Detroit, visited plants of US Steel and Kodak and booming foreign investments in Spartanburg, failed public housing projects in Detroit and elsewhere, bootstrap efforts of community leaders in the burnt out south side of Chicago, etc.,etc. The coordinators had the amazing foresight to include meetings with the then Minority Leader of the House of Representatives, whose name was Jerry Ford; the Governor of the State of Georgia whose name was Jimmy Carter; and the Governor of the State of California whose name was Ronald Reagan. So we had an insight into the personalities of three of the succeeding Presidents. It was quite interesting.

Q: Well, after that year you were assigned to the Department, I understand.

GEBER: It took a while, because despite the highest level assurances by the management people in the Department that our placement from the Senior Seminar will get the highest priority, none of us, with the exception of one, had a job when we finished the course.

Library of Congress

Q: This is a time honored tradition, Tony.

GEBER: After trying to find an assignment on my own without much success, I decided to stay home and wait for a call. That came after couple of weeks from the Deputy Assistant Secretary in charge of economic matters in the Bureau of East Asian and Pacific Affairs, Herman Barger, an old friend of mine. He wanted to strengthen the economic resources of the Bureau and set up a small office for Economic Policy. Herman asked me if I would be interested to be the Director of the Office. The functions of the Office and its relations to the economic officers on the country desks, as described by Barger, were somewhat vague, but I accepted. Soon after it turned out that only Barger and the Assistant Secretary designate, Mac Godley, favored the establishment of the office and they failed to get the approval of Management. Furthermore, Godley's appointment was disapproved by the Senate and Herman Barger retired a few weeks later. Art Hummel, an outstanding China expert and a gentleman, became the acting Assistant Secretary. He let me carry on despite his personal skepticism about the desirability of the Office. But the Office was not officially established until Bob Ingersoll, our Ambassador to Japan, became Assistant Secretary and he named Les Edmond, another old friend of mine, to be his deputy for economic affairs.

The functions of the Office evolved gradually. There had to be some coordination within the Bureau on foreign aid levels affecting several countries, on commodity policies, such as rice, sugar, rubber, tin, on investment policy, export promotion. The Office handled Bureau-wide contacts with the Bureau of Economic Affairs, with the foreign aid agency, Treasury, Commerce, Agriculture, National Security people in the White House. We got involved in human rights issues as they may have affected aid to East Asian countries. Congressional testimonies and speeches for senior officials of the Department had to be drafted. We attended meetings overseas of such regional organizations as the UN Economic and Social Council for Asia and the Pacific (ESCAP), the Colombo Plan, and the Asian Development Bank. Beginning with Phil Habib, Ingersoll's successor as

Library of Congress

Assistant Secretary, I attended quite regularly the meetings of the Asian Pacific Council of American Chambers of Commerce, since Phil thought it important to maintain good contacts with the American business community in the region.

Q: Oil policy must have played a role too.

GEBER: Oh yes, definitely. Shortly after I came on board in the East Asian Bureau, in 1973, the first oil shock, engineered by the OPEC countries, impacted on the world economy. Indonesia was a member of OPEC, Japan and Korea were major consumers of oil relying on imports from the middle east.

One of the major preoccupations of our Bureau was to square the need for increasing oil supplies through the promotion of oil exploration with our policy of discouraging exploration in disputed ocean waters. Given the geography of the eastern rim of Asia, practically every square inch of the Pacific is disputed. The problem was aggravated by the fact that mainland China and Vietnam, powers not friendly to US interests, were among the claimants. The problem was never satisfactorily resolved, except that as time went on shortage of oil supplies became less of a problem.

I think my most significant deed while I worked in the Bureau of East Asian Affairs was the initiation of a "dialogue", i.e. annual meetings between the US and ASEAN, the Association of Southeast Asian Nations. Offhand I do not recall when ASEAN was formed, but by 1974 it was an organization significant enough for the European Community and Japan to hold regular economic consultations with it. I thought that it was in the US interest not to lag far behind the Europeans and the Japanese. As I indicated earlier, in those days relations between the Third World and the industrialized democracies were quite confrontational, and the more ideologically extreme countries among the developing countries could set the agenda. Members of ASEAN, Indonesia, Malaysia, the Philippines, Singapore and Thailand (to which Brunei was added since), were among the more moderate countries, which were paying more attention to their own interests than to

Library of Congress

ideological confrontations. My superiors in the Bureau were somewhat reluctant at first. The US was still deeply engaged in Vietnam, and some members of ASEAN were not particularly helpful in supporting the US position.

But finally Art Hummel, then Acting Assistant Secretary, agreed that we should send out instructions to our Ambassadors in the ASEAN countries, to indicate to them that the US would be receptive to an invitation by ASEAN for economic consultations. A cable which I drafted went out on December 31, 1974 which also contained an outline of the type of consultations we envisaged. In essence we told the ASEAN countries, that they would be free to place any item on the agenda, but we would wish to make trade and investment, rather than foreign aid, to be the focus of the consultations.

The timing of this initiative turned out to be unfortunate. We imposed some sanctions on members of OPEC after the 1973 oil crisis. Indonesia was member of OPEC and felt to be unjustly treated by these sanctions. By the time we resolved our differences with Indonesia, South Vietnam, and with it the US position, crumbled under the armed attack of North Vietnam. The ASEAN countries quite understandably wished to wait and see what role the US planned to take in that part of the world after our defeat before they responded to our offer of consultations with them as a group.

Q: As I recall there was also some antipathy in this country to getting more deeply involved in Southeast Asia after having had our fingers burned in Vietnam.

GEBER: Yes, and we were concerned about the domino theory, namely that the defeat of our policies in Vietnam may have adverse effect on the other Southeast Asian countries. It was to counteract these concerns, both in the US and abroad that President Ford made his famous speech in Honolulu in which he declared that the US intends to maintain a strong presence in Asia. I had a hand in drafting the economic part of the speech in which, I believe for the first time, the President emphasized the importance for us of trade

Library of Congress

with Asia, stating that by that time the volume of trade exceeded that with the European Community. That was in 1975.

At any rate the definitive and favorable response from ASEAN came only after President Carter occupied the White House. The first US-ASEAN dialogue took place in the Philippines in 1977. The US delegation was chaired by Under Secretary for Economic Affairs, Dick Cooper, a brilliant economist and most effective representative of the Department in the economic councils of the administration. Foreign Minister Romulo of the Philippines, a great friend of the US, chaired the ASEAN side. The meetings went quite well, the Filipinos were gracious hosts. On the substantive side the major problem was something called the Common Fund, of which the Malaysians among the ASEAN countries were the strongest and most tenacious advocates, and which the US opposed.

The Common Fund called for the pooling of several existing and to be established commodity stabilization schemes to be supported by a sizable fund financed — as the developing countries envisaged it — mainly by contributions from the industrialized countries. The idea interestingly had its origins in a proposal by John Maynard Keynes at the time of the Bretton Woods agreements. Remembering the collapse of agricultural prices during the great depression, Keynes proposed the creation of such a stabilization fund next to the monetary and trade initiatives which resulted in the establishment of the IMF, the World Bank and GATT. Raoul Prebisch the Latin American economist who became the first Secretary of UNCTAD, picked up the idea, to be applied to commodities of major interest to developing countries, e.g. coffee, cocoa, rubber, tin, possibly copper and others. The US and most of the other industrialized countries were opposed to the idea, for a number of reasons. For one, reason and experience have shown that only few commodities lend themselves to be stabilized with such schemes. Even in those the operation of the funds is very difficult; if the intervention price is set too high, the demand for the respective commodity may well be replaced with substitute materials, if set too low, the fund may run out of money. Furthermore, there were existing and better mechanisms in place in the IMF, to compensate developing countries dependent on exports of one or

Library of Congress

two commodities for shortfall of revenues due to temporary decline in prices. Unfortunately the position of the industrialized countries was weakened by the French among them, who were strong advocates of commodity stabilization schemes, and therefore of the Common Fund, and by the fact that many of the industrialized countries had price support schemes for their agricultural products. That much of the burden for the Common Fund would fall on the industrialized countries, either by paying high prices for their tropical commodity imports or by continuous replenishing of the Fund, did not escape the attention of the developing countries.

The Manila meeting provided an opportunity to explain in detail the US position to ASEAN but did not change the respective positions on this issue. The US accepted requests for some aid, primarily for some feasibility studies in the energy field. The only slightly sour note that emerged came from some ASEAN circles after the meeting, that the US was represented only by an Under Secretary, whereas ASEAN sent several Ministers to the meeting. I thought that this was regrettable because few people could have represented the US more authoritatively and more knowledgeably on the subject matters discussed than Dick Cooper. It reminded me of somebody's facetious suggestion, that the US needs two Secretaries of State, one who constantly travels to meetings and an other who does the work at home.

The second meeting took place in Washington in 1978 and I was again coordinator of that meeting. 14 ASEAN Ministers came to the meeting. Foreign Minister Romulo again chaired the ASEAN delegation. On the US side five Cabinet members participated, Mr. Vance chairing the US delegation. The ASEAN Ministers were also received by President Carter.

Let me first entertain you with some of the peripheral crises surrounding the meeting, because, though amusing in retrospect, they are also instructive.

Library of Congress

It was standard practice in these ASEAN consultations that the host delegation offered a dinner on the first night of the meeting and the visiting delegation reciprocated on the second night. For the dinner given by Mr. Vance we invited a number of leading figures from the private sector, for instance, George Meany, the president of the AFL-CIO. In addition, Secretary of the Treasury, Michael Blumenthal, was to host a smaller lunch. Shortly before the meeting was to open I discovered that the office in charge of the logistical support for conferences forgot to budget for these events. We scrounged around for money but with not much success. I sat with Dick Holbrooke, the Assistant Secretary, late one evening. He suggested that perhaps we could disinvite the lower ranking members of the ASEAN delegation. (My answer was: No). Could we skip the soup course? (Perhaps). In the end we had the dinner and the lunch, even including soup. But it confirmed my view, not for the first time, that Henri Kissinger was right when he said that when it comes to official entertaining and gift giving the US ranks behind the least developed countries.

A day or so before the event Madam Ambassador Rosario of the Philippines, my ASEAN counterpart, came to my office, and rolling her eyes toward heaven told me that something terrible has happened. I was fearing the worst, but she told me that Mrs. Imelda Marcos, the wife of the Philippine President, was put on the Philippine delegation. Ambassador Rosario was not quite sure at that point whether Mrs. Marcos would replace Mr. Romulo as chairman of the ASEAN delegation. I assured her in my best diplomatic manner that we will welcome her and make her presence agreeable and useful, thinking all the while to myself that, thank goodness, this is your problem not mine. As it turned out, Mrs. Marcos attended most of the social events connected with the meeting and spent the rest of the time in New York, doing some shopping.

One item on the agenda, placed there at the request of the US, was a discussion of the refugee problem in Southeast Asia. I reminded Bob Oakley, one of our Deputy Assistant Secretaries, that the way we planned our participation in the meetings, namely that for

Library of Congress

each agenda item the principal official responsible for that topic would lead the discussion on the US side, it would mean that Ms. Pat Derian, the Assistant Secretary for Human Rights would be our spokesperson. As it happened, Ms. Derian returned recently from a trip to countries of Southeast Asia, during which, to put it mildly, she made herself thoroughly disliked by many of the heads of governments, including Lee Kuan Yew of Singapore, whom she visited. Oakley told me he will take care of the problem. Well, he didn't. The evening before the opening, the American Chamber of Commerce and the Commerce Department jointly gave a reception. There we learned that Mr. Romulo was going to walk out of the conference room and take all the ASEAN Ministers with him if Ms. Derian would speak to the topic on the American side. If that would have happened, it would have dominated the media coverage of the meeting. Again, it was late in the evening when we sat with Mr. Vance to see what could be done to prevent a walk out by the ASEAN Ministers. Mr. Vance decided that he will be the spokesman of the American delegation for that agenda item. I was tasked to see to it that Ms. Derian does not sit in the front row of the American delegation.

The meeting with President Carter was set for noon on the second day of the meeting. The ASEAN Ministers were to ride over in a cavalcade from the State Department to the White House. Knowing how difficult it is to get into the White House, I made fail-safe arrangement that I will get there at the head of the column and, giving my name, will vouch for the occupants of the cars behind me; should anything happen to me, my deputy, Rob Warne, would do it for me. We arrived at the west gate of the White House, the heavy iron gate was half open. A security agent came out to the car and I gave my name and showed my identification card. He walked back to the guard house and came out again and then walked back to the guard house, whereupon the open half of the gate was closed. It turned out that due to my precautionary arrangement, they only had Warne's name and not mine, and Warne was nowhere to be seen. Finally, he arrived in a taxi all out of breath to rescue us; he was held up by an irate telephone call from the Chairman of the Asia subcommittee

Library of Congress

of the House Foreign Affairs Committee, that he was not invited to the meeting in the White House.

In the morning we had a call from Mrs. Marcos that she wants to participate in the meeting with the President and wants to bring four military aids with her. I called her back on instructions that she is most welcome to attend the meeting but because the Cabinet Room in the White House has limited space she should leave the military aids behind. When the participants left the State Department for the White House, Mrs. Marcos was not there. President Carter entered the Cabinet Room shortly after our arrival, went around the room greeting the Ministers and providing photo opportunities. He finally took his seat and opened the meeting. At that moment the door to the Cabinet Room flung open and Mrs. Marcos entered in a bright red suit — with one military aid. Nobody could have staged a more theatrical entrance.

Q: It couldn't have been planned better.

GEBER: As to the substance of the meeting, everything went very well. It was a useful exchange of views on many subjects of mutual interest. The ASEAN delegation seemed to be favorably impressed by the high level attention they received and the competent presentation of US approaches to the several issues discussed. They said so in their remarks at the dinner they gave at the conclusion of the meeting. The major unresolved issue was still the Common Fund but Mr. Vance defused the controversy by personally stating that he understood the importance ASEAN attached to the instability of commodity prices, and he promised that the US would again take a hard look at the problem.

That meeting was my last activity in the Bureau of East Asian Affairs, and although I have not followed closely what happened subsequently in the US-ASEAN dialogue, I feel some satisfaction that our relations with ASEAN are deemed important enough that the Secretary travels once a year for consultations when ASEAN holds its summit meetings.

Library of Congress

My next assignment was as Economic and Commercial Counselor to Korea.

Q: That fit right in with your previous job as you had been following East Asian affairs very closely.

GEBER: I was asked to take that job by our Ambassador to Korea.

Q: Was that Dick Sneider?

GEBER: No, it was Bill Gleysteen who had just gone to Korea after being the Senior Deputy Assistant Secretary in the Bureau of East Asian Affairs. I only stayed in Korea for one year. The mandatory retirement age of 60 for Foreign Service officers was suspended at that time but the issue was before the courts. I was 59 and a half years old when I went and I and my wife were reluctant to go unless we could stay for at least a two year term of duty. I received assurances from personnel, but not in writing. The Supreme Court reinstated the 60 year retirement age four days after my 60th birthday. The Department let me stay for another six months but no longer.

From a professional point of view Korea was one of the most fascinating places. The Korean economy was booming. Korea was becoming one of the most important trading partners of the US. Korean businessmen were flitting around the globe, to the US, to Europe, Africa, Latin America, making deals. The economic team which managed the economy was most impressive. The government still had a very intrusive role in the economy. The President received daily reports and held monthly meetings on the export performance of the Korean economy. The labor force was highly disciplined and hard working. Education was the obsession of that Confucian society. A great deal of attention was given to an equitable income distribution with reasonable success. At least ostentatious living was discouraged from the top. But what impressed me most was the "can do" spirit of the Korean entrepreneurs. Industrial parks were being built on a

Library of Congress

scale I have not seen in America or Europe. There was no hesitation to plunge into the development and manufacturing of the most sophisticated technologies.

Q: They learned how to make automobiles at that time.

GEBER: Yes. There were three or four companies, including a joint venture with General Motors. A few years later Hyundai cars invaded the American market with an unprecedented initial success. Color TV set manufacturing started in the late 70's and output doubled and trebled each year, despite the fact that their sale was not permitted in the home market.

There were strains to be noted. The economy was getting too big for the kind of centralized management and planning, and plans were made to decentralize economic decision making. The organization of the financial markets lagged behind the manufacturing sector. The export-led growth strategy produced some strong protectionist pressures despite the better judgment of some of the principal economic planners. Most importantly, the economy became overheated during my year in Korea and when the brakes had to be applied, the economy had to pay a heavy price. Companies went bankrupt, some of those gigantic manufacturing projects had to be abandoned and the growth rate declined. The growing middle class was becoming increasingly restless. President Park Chung Hee was able to maintain his politically repressive regime as long as he could post economic successes, but paid with his life when the country's economic fortune declined.

Q: Was that market open to American products, or was that part of your job to pry it open?

GEBER: As I said, there were strong protectionist pressures still at work in the Korean economy, and sometimes we had some difficulties on that score. But we also had some strong cards we could play. After all, we were the security guarantor of Korea, and we could put political pressure on the Koreans. That was the case with Westinghouse's bid on one of the nuclear power plants then under negotiation, against strong French

Library of Congress

and German competition. We urged President Carter to raise that issue during his state visit to Korea, and the Koreans gave us a nice Fourth of July present by informing us on that day that they awarded the contract to Westinghouse. Similarly, we won a major telecommunications contract when we gently twisted the arm of the Koreans.

Another advantage we had was that the Korean government was anxious to shift procurement from Japan, with which they had a chronic trade deficit, to American suppliers. Unfortunately, there we were less successful, mostly because American suppliers were unable or unwilling to fulfill Korean requirements. The first request was for diesel engine automobiles to replace the Seoul taxi fleet in light of Korea's great dependence on imported oil. Instead of 200, GM offered 3 diesel engine Oldsmobile cars; perhaps just as well, since they turned out to be lemons. When we learned that the GM and Daewoo joint venture car manufacturing was greatly expanding capacity, and that they have ordered machinery from Japan, we asked and have gotten a request for a second and even a larger order. A speedy request through the Commerce Department to GM and their suppliers remained unanswered. It was a boom period for the US car manufacturers and the suppliers of machinery were unwilling either to divert some to Korea or to expand their production. The same happened on a long list of chemicals the Koreans wished to buy from the US, despite Korean assurances that they would be willing to enter into long-term supply contracts, and the American suppliers could ship these products when domestic demand cooled off. And so it went.

Q: Discouraging, stories like that.

GEBER: I must tell you one more of my activities in Korea which bore fruit about 10 years later. Shortly after I arrived in Korea I noted that the Koreans, despite their great economic achievements, felt isolated and lacked an appropriate multilateral economic forum in which they could effectively participate. With their growth rates they were talking about being soon eligible to become members of the OECD. I did not think that even if the OECD would be willing to expand its membership, that that would be the right solution. With

Library of Congress

my experience in East Asian affairs and in the OECD, I thought that time has come to organize a consultative economic organization for countries of the Pacific rim. I had in mind a greatly scaled down OECD, concentrating on regular review of members' economic policies, including trade, with such additional projects which members would be willing to approve from time to time. It should be an intergovernmental organization, with a small permanent secretariat. I was aware of the reluctance of the bureaucracies, particularly the American, to contemplate yet another international organization. I also knew that while our officials were quite willing to fly 7 hours to Paris, they had a great aversion to flying 20 hours across the Pacific. Still, I thought that given the growing importance of the Pacific region, time has come for such an organization and the burden on officialdom could be reduced by phasing out some existing organizations which were no longer very useful, e.g. Colombo Plan, and consolidate our many commitment to other multilateral and bilateral consultations in the region. I sent a cable from Korea outlining this proposal. Unfortunately I explained my ideas orally earlier to one of our backstoppers in Washington, on his visit to Seoul. whose name I prefer not to divulge, He sabotaged my recommendations by suggesting that the consultations be only among entities of the private sector, such as academics and research organizations. Much as that was useful, it was no substitute for the participation of government policy makers. Gradually the desirability of government involvement became recognized. About three years ago the Asian Pacific Economic Council (APEC) was formed and President Carter convened a summit meeting of the Council in Seattle last year. I attended a briefing session organized by the Asia Society by those closely involved in the preparations for the Seattle meeting, and was pleasantly surprised how far my recommendations of fifteen years earlier have matured. But I was perhaps the only one in the room with the institutional memory who remembered that about 40 years earlier President Eisenhower and Secretary Dulles traveled to Seattle to be hosts of a Colombo Plan meeting. I wish the new organization greater achievements and longer durability.

Q: Was that assignment your last prior to retirement?

Library of Congress

GEBER: That is right. I retired from Korea.

Q: Well, thank you Tony. Do you have any final thoughts before we close the tape? Did you find your career in the Foreign Service rewarding?

GEBER: I look back on my career in the Foreign Service with a great deal of satisfaction. The jobs I had were rewarding, and whatever little knowledge and talent I had I could fully employ in the service of my country. I found my bosses in the various assignments, perhaps with one or two exceptions, highly competent and dedicated, and what is perhaps more important, they were satisfied with me. I made many friends in the Service which will last until they and I live.

I think the Foreign Service has and is doing a great job. I wish that the American public would recognize it more. The popular notion that we are striped pants cookie pushers is mistaken. Many of our people have sacrificed a great deal, some even their lives.

American foreign policy on the whole has been quite successful, particularly in the days after World War II, when we were on the top of the world. Our policies were farsighted and generous. I doubt that other countries ever matched that record. It is somewhat more difficult to find our bearings now when we achieved our main objectives, the economic prosperity of our allies and our adversaries in that war, the rapid growth of many of the developing nations, and the collapse of the Soviet empire. The Foreign Service contributed to the shaping and implementing those policies and I am proud to have been a part of it.

Q: Well, thank you very much. This interview with Anthony Geber has been conducted on behalf of the Association for Diplomatic Studies, Foreign Affairs Oral History Program.

End of interview